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AZ CORP COMMISSION  
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19

BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY, an Arizona  
corporation,

Complainant,

vs.

GLOBAL WATER RESOURCES, LLC, a  
foreign limited liability company; GLOBAL  
WATER RESOURCES, INC., a Delaware  
corporation; GLOBAL WATER  
MANAGEMENT, LLC, a foreign limited  
liability company; SANTA CRUZ WATER  
COMPANY, LLC, an Arizona limited liability  
corporation; PALO VERDE UTILITIES  
COMPANY, LLC, an Arizona limited liability  
corporation; GLOBAL WATER - SANTA  
CRUZ WATER COMPANY, an Arizona  
corporation; GLOBAL WATER - PALO  
VERDE UTILITIES COMPANY, an Arizona  
corporation; JOHN AND JANE DOES 1-20;  
ABC ENTITIES I - XX,

Respondents.

DOCKET NOS.

W-01445A-06-0200

SW-20445A-06-0200

W-20446A-06-0200

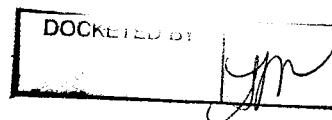
W-03576A-06-0200

SW-03575A-06-0200

ARIZONA WATER COMPANY'S  
MOTION TO COMPEL

Arizona Corporation Commission  
DOCKETED

JUL 19 2007



As discussed at yesterday afternoon's procedural conference in this matter, Arizona Water Company hereby moves to compel answers to data requests and deposition questions directed to the Global Water-related respondent entities (collectively, the "Global Entities").

1 The basis for compelling disclosure of the information sought and its relevance to this case  
2 is set forth in briefing that addresses virtually identical issues in Docket Nos. W-01445A-  
3 06-0199, SW-03575A-05-0926 and W-03576A-05-0926 now pending before Judge Yvette  
4 B. Kinsey, Administrative Law Judge (the "CCN Extension Case").

5 Specifically, Arizona Water Company hereby incorporates by reference into this  
6 motion the following briefing in the CCN Extension Case (copies of each referenced brief  
7 with attachments have been docketed as exhibits to this motion):

8 Exhibit A: Arizona Water Company's Motion to Compel dated June 1, 2007  
9 with attachments;

10 Exhibit B: Global Utilities' Response and Cross-Motion to Compel and for  
11 Protective Order dated June 20, 2007, with attachments; and

12 Exhibit C: Arizona Water Company's Reply in Support of its Motion to  
13 Compel and Response to Global's Cross-Motions dated July 13,  
14 2007, with attachments.

15 A further basis for the motion to compel in this Formal Complaint proceeding relates  
16 to a series of improper form objections and instructions to the Global Entities witnesses not  
17 to answer that served to block disclosures in two Rule 30(b)(6) depositions of the Global  
18 Entities' witness designees that were taken in the latter half of June. Copies of those  
19 deposition transcripts are incorporated into this motion, attached as set forth below, and  
20 highlighted as to the areas of inquiry for which an order compelling full and complete  
21 answers is sought:

22 Exhibit D: June 18, 2007 deposition of Trevor Hill; and

23 Exhibit E: June 26, 2007 deposition of Cindy Liles.

24 As discussed at length in yesterday's procedural conference, Arizona Water  
25 Company is essentially precluded from prefilng complete and thorough initial direct  
26 testimony as to facts and issues that are exclusively within the control and possession of the  
27 Global Entities when those same entities are refusing to disclose information that is  
28

1 necessary for Arizona Water Company's prosecution of its case. As set forth in the attached  
2 motions, the issues most prominently affected by the Global Entities' refusal to answer  
3 discovery requests are the issues related first to whether the unregulated Global Entities are  
4 operating as public service corporations outside of the regulation of the Commission,  
5 including whether and to what extent the unregulated Global Entities are acting as alter egos  
6 of their subsidiary utilities, and second, the specific tracking of ICFA monies contributed by  
7 landowners and developers into the unregulated parent (Global Water Resources), then  
8 downstream to the regulated subsidiary as equity for, among other uses, purchase and  
9 installation of utility plant and property to be treated as rate base for ratemaking purposes.  
10 The Global Entities have also blocked discovery into the specifics of the unregulated Global  
11 Entities' collection of ICFA fees from their customers, and the subsequent transmittal of  
12 those fees to municipalities, in exchange for the municipality's cooperation in the Global  
13 Entities' expansion of their regulated subsidiaries' CCNs under so-called "P3 Agreements."

14  
15 For the reasons set forth in the attachments, the Global Entities should be ordered: (1)  
16 to respond to outstanding data requests on these and directly related issues; (2) to allow  
17 unhindered inspection and copying of journal entries and related information by Arizona  
18 Water Company's representatives from the Global Entities' accounting books and records;  
19 and (3) to provide full and complete answers to the relevant and fairly-stated questions  
20 propounded at the Hill and Liles depositions, which the Global Entity's lawyer repeatedly  
21 and improperly objected to as to "form," or outright instructed the witnesses not to answer.


22 Arizona Water Company, and for that matter, Commission Staff, cannot present  
23 competent, prefiled direct testimony without being able to obtain this information. Judge  
24 Nodes has ruled that the Global Entities shall respond to this motion in five business days  
25 (during the pendency of which Global will have filed its final reply brief in the CCN  
26 Extension Case, concluding briefing on these issues in that matter). Arizona Water  
27 Company is willing to participate in an accelerated hearing, by telephone or otherwise, in  
28

1 order to address the issues set forth in these papers and to consider appropriate adjustments  
2 to the prehearing procedural schedule set in this matter.<sup>1/</sup>

3 RESPECTFULLY SUBMITTED this 19th day of July, 2007.

4 BRYAN CAVE LLP

5  
6  
7 By



8 Steven A. Hirsch, #006360

9 Rodney W. Ott, #016686

10 Two N. Central Avenue, Suite 2200

11 Phoenix, AZ 85004-4406

12 Attorneys for Arizona Water Company

13 **ORIGINAL and 13 COPIES** of the foregoing  
14 filed this 19th day of July, 2007 with:

15 Docket Control Division  
16 Arizona Corporation Commission  
17 1200 W. Washington  
18 Phoenix, AZ 85007

19 **COPY** of the foregoing hand-delivered/  
20 mailed this 19th day of July, 2007 to:

21 Dwight D. Nodes [hand-delivered]  
22 Administrative Law Judge  
23 Hearing Division  
24 Arizona Corporation Commission  
25 1200 W. Washington  
26 Phoenix, AZ 85007

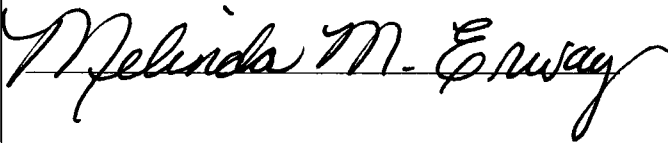
27 <sup>1/</sup> Following the completion of yesterday's procedural conference, Arizona Water  
28 Company, the Global Entities and Commission Staff agreed that, irrespective of the  
outcome of this motion, the initial filing of Arizona Water Company's and the Global  
Entities' direct examination currently set for July 27, 2007 is to be extended one week to  
August 3, 2007.



1 Christopher Kempley, Esq. [hand-delivered]  
2 Chief Counsel, Legal Division  
3 Arizona Corporation Commission  
4 1200 W. Washington  
5 Phoenix, AZ 85007

6 Ernest G. Johnson [hand-delivered]  
7 Director, Utilities Division  
8 Arizona Corporation Commission  
9 1200 W. Washington  
10 Phoenix, AZ 85007

11 Michael W. Patten, Esq.  
12 Timothy J. Sabo, Esq.  
13 Roshka DeWulf & Patten, PLC  
14 One Arizona Center  
15 400 E. Van Buren St., Suite 800  
16 Phoenix, AZ 85004  
17 Attorneys for Applicants  
18 Santa Cruz Water Company, L.L.C.  
19 and Palo Verde Utilities Company, L.L.C.

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**COMMISSIONERS**

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**Gary Pierce**

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AZ CORP COMMISSION  
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY FOR AN  
EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY

Docket No. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION  
OF PALO VERDE UTILITIES COMPANY  
FOR AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY

Docket No. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION  
OF SANTA CRUZ WATER COMPANY FOR  
AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY

Docket No. W-03576A-05- 0926

**ARIZONA WATER COMPANY'S  
MOTION TO COMPEL**

As Arizona Water Company discussed at the procedural conference held in this matter on February 28, 2007, Arizona Water Company hereby moves for an order to compel the Applicants, Santa Cruz Water Company ("SCWC") and Palo Verde Utilities Company ("PVUC"), to produce certain documents and information in their possession and the possession of their affiliated and related entities (collectively, "Global") in response to Arizona Water Company's data requests. The parties have engaged in numerous discussions of these matters, including a meet and confer on December 14, 2006 and a

1 number of subsequent letters. This motion is supported by the attached memorandum of  
2 points and authorities and supporting appendices.

3 DATED this \_\_\_\_\_ day of June, 2007.

4 BRYAN CAVE LLP

5  
6  
7 By \_\_\_\_\_  
8 Steven A. Hirsch, #006360  
9 Rodney W. Ott, #016686  
10 Two N. Central Avenue, Suite 2200  
11 Phoenix, AZ 85004-4406  
12 Attorneys for Arizona Water Company

13 **MEMORANDUM OF POINTS AND AUTHORITIES**

14 Arizona Water Company served its initial set of data requests on Global on October  
15 3, 2006 (attached at Tab A), to which Global responded on October 24, 2006 (attached at  
16 Tab B). Global produced a small number of documents but otherwise objected to the vast  
17 majority of data requests by Arizona Water Company. Arizona Water Company served its  
18 second set of data requests on Global on October 26, 2006 (attached at Tab C), to which  
19 Global responded on November 6, 2006 (attached at Tab D). Global objected to 18 of the  
20 28 requests in Arizona Water Company's second set of data requests, and, while refusing to  
21 produce those documents, generally referred Arizona Water Company to Docket Control or  
22 other sources for the majority of other requests.

23 Arizona Water Company engaged in a meet and confer session on these discovery  
24 matters at the office of Global's counsel on December 14, 2006. Arizona Water Company's  
25 counsel subsequently wrote Global about these matters on December 22, 2006 (attached at  
26 Tab E). Global responded on January 9, 2007 (attached at Tab F), and Arizona Water  
27 Company replied in a letter dated February 9, 2007 (attached at Tab G). Arizona Water  
28 Company requested an update from Global on certain of these matters on February 15, 2007  
(attached at Tab H) to which Global responded on February 20, 2007 (attached at Tab I).

1 In its February 27, 2007 Opposition to Arizona Water Company's Motion to Stay,  
2 Global contended that Arizona Water Company "had ample time to have any discovery  
3 disputes resolved – and even now has not filed the appropriate pleadings to do so." *Id.* at 3.  
4 Since the stay order was granted in this matter on February 28, 2007, Global and Arizona  
5 Water Company have been working with Staff regarding discovery and hearing scheduling  
6 in the Formal Complaint proceeding (W-01445A-06-0200). Now that those dates have been  
7 set by Judge Nodes, it is appropriate to turn back to an interim discovery dispute in this case  
8 that can be addressed while the stay order remains in place. Additionally, the parties have  
9 discussed and agreed that discovery taken in this docket may be used in the Formal  
10 Complaint proceeding, and vice versa. A Procedural Order incorporating this agreement  
11 should be entered in this docket as well.

12 Arizona Water Company therefore files this Motion to Compel for an order directing  
13 Global to produce these specific categories of highly relevant documents and information.  
14 Arizona Water Company also requests that a Procedural Order be entered providing that  
15 discovery among the parties in the Formal Complaint proceeding may be used in this  
16 docket, as the parties have agreed.

17 **I. DOCUMENTS AND INFORMATION SOUGHT.**

18 **A. Infrastructure Coordination and Financing Agreements ("ICFAs").**

19 Global's questionable ICFAs are central to Global's operations and to its request to  
20 extend its Certificate of Convenience and Necessity ("CCN") to the areas at issue in this  
21 docket. Concerning Global's ICFAs, Arizona Water Company has requested a list of the  
22 property owners contacted about entering into ICFAs (AWC 1.1), information about the  
23 date and manner of the contact (AWC 1.2), copies of correspondence and communications  
24 related to the ICFAs (AWC 1.3, 1.4), maps of areas covered by ICFAs (AWC 1.6), an  
25 accounting of any monies received under ICFAs (AWC 1.7) and details concerning any  
26 payments received under ICFAs (AWC 1.101).  
27  
28

1 In response to these requests, Global has provided only a chart (in an extremely small  
2 font) listing property owners for whom a CCN extension application is approved, pending or  
3 to be submitted to the Commission. The list does not contain all property owners contacted,  
4 and fails to provide anything but minimal information about the parcels of land involved.  
5 Concerning the manner of contact, the chart says nothing more than "telephone, e-mail  
6 and/or in-house meetings" for every property owner. Global objected to providing such  
7 information on grounds of overbreadth and relevance. See Tab B, Global's Response to  
8 AWC 1.1-1.7 & 1.101.

9 Global's relevance objections in this regard—both as to these and other categories of  
10 information sought by Arizona Water Company—are not well taken. Under the discovery  
11 rules incorporated into Commission procedure, parties may obtain discovery regarding any  
12 matter, and "[i]t is not ground for objection that the information sought will be inadmissible  
13 at the trial if the information sought appears reasonably calculated to lead to the discovery  
14 of admissible evidence." See *Arizona Rules of Civil Procedure, Rule 26(b)(1)*. Arizona  
15 Water Company's requests are narrowly tailored to seek directly relevant information  
16 shedding light on SCWC's ability to provide public utility water service in the relevant areas  
17 and Global's lack of compliance with Commission regulations and Arizona law in doing so.  
18 Discovery should be allowed to proceed and admissibility issues can be raised at a later  
19 time.

20 During the meet and confer process, Arizona Water Company agreed to limit its  
21 request for copies of ICFAs and maps of ICFA areas to those in the disputed extension area.  
22 Arizona Water Company has continued to insist that Global produce more information  
23 about the process by which Global communicates with property owners and negotiates  
24 ICFAs. Arizona Water Company has also continued to insist that Global provide a detailed  
25 accounting of the monies received by Global under ICFAs. See Tab E.

26 In response, Global insisted that Arizona Water Company produce a wide range of  
27 other documents and information. See Tab F. Arizona Water Company agreed to provide  
28

1 much if not all of the information requested by Global. *See* Tab G. However, Global has  
2 still failed to provide Arizona Water Company with the requested information and  
3 documents related to Global's ICFAs.

4 **B. Global's Agreements with Municipalities, Counties and Other**  
5 **Governmental Entities.**

6 Global has frequently trumpeted the significance of its so-called Private Public  
7 Partnership ("P3") Agreements with municipalities, counties and other governmental  
8 entities. Concerning the P3 Agreements, Arizona Water Company has requested that Global  
9 identify all municipalities, counties or other governmental entities contacted by Global  
10 (AWC 1.8), provide information about the date and manner of contact (AWC 1.9), provide  
11 copies of correspondence and communications (AWC 1.10, 1.11), provide copies of the  
12 agreements themselves (AWC 1.12), provide maps of the areas covered by such agreements  
13 (AWC 1.13), and provide an accounting of the monies paid to each city, county or other  
14 governmental entity (AWC 1.14).

15 In response to these requests, Global asserted that the only relevant P3 Agreements  
16 involve the municipalities of Maricopa and Casa Grande. Tab B at 1.8. Global failed to  
17 provide copies of those two agreements, asserting that Arizona Water Company already had  
18 copies, which it does not. Concerning other requests, Global has refused and has done  
19 nothing more than refer Arizona Water Company to the P3 Agreements themselves, or  
20 objected on grounds of overbreadth, burden and relevance. *Id.* at 1.9-1.14. Again, under the  
21 law cited above, this information is discoverable.

22 As a result of the meet and confer process, Arizona Water Company asked Global to  
23 confirm that its agreements with Casa Grande and Maricopa were the only relevant  
24 agreements. Arizona Water Company continued to ask that Global provide copies of  
25 correspondence and communications related to these agreements, as well as a computation  
26 of the total payments by Global to the municipalities under these agreements. *See* Tab E.  
27 As with the ICFAs, Global asked that Arizona Water Company provide a lengthy list of  
28

1 other documents and information in exchange, *see* Tab F, to which Arizona Water Company  
2 agreed. *See* Tab G.

3       However, Global failed to follow up and produce the requested information – or even  
4 respond to Arizona Water Company’s request. Moreover, in its Direct Testimony filed on  
5 January 26, 2007, and Rebuttal Testimony filed on February 14, 2007, Global sought to base  
6 its CCN extension request on an agreement with the Ak-Chin Indian Community (“Ak-  
7 Chin”). *See* Direct Testimony of Trevor Hill at 21; Rebuttal Testimony of Trevor Hill at 14-  
8 15. By Mr. Hill’s prefiled testimony, Global claims the Ak-Chin Agreement is relevant, but  
9 concealed it from Arizona Water Company and the Commission by representing that its  
10 agreements with Casa Grande and Maricopa were the only relevant agreements. Any  
11 agreement with Ak-Chin clearly falls within the documents requested by Arizona Water  
12 Company’s requests 1.8-1.14, but Global failed to disclose its existence until filing its direct  
13 testimony. Even as of this date, Global has failed to disclose any drafts or correspondence  
14 related to the Ak-Chin agreement.

15       **C. Global’s Ownership and Sources of Equity.**

16       The actual source of Global’s equity is crucial for any evaluation of whether SCWC  
17 and PVUC are fit to serve the CCN extension areas they are requesting. Arizona Water  
18 Company has sought to discover the extent to which the Global parent received and used  
19 monies under ICFA’s to fund SCWC and PVUC. Arizona Water Company data requests  
20 directed towards this issue include requests 1.26, 1.50, 1.51, and 1.101 - 1.104. *See* Tab A.  
21 Global has responded by engaging in a campaign of obfuscation on these requests. Global  
22 has asserted that SCWC and PVUC are 100% owned by the Global parent. However,  
23 Global has stubbornly refused to provide any information as to the sources of the monies  
24 that fund SCWC and PVUC, objecting on grounds of relevance, overbreadth and  
25 confidentiality. *See* Tab B. This information is relevant for the reasons set forth above.

26       During and following the meet and confer process, Global has continually attempted  
27 to restrict the inquiry to sources of equity for SCWC and PVUC, not the Global parent. *See*  
28

1 Tabs E and F. In Arizona Water Company's letter dated February 9, 2007, Arizona Water  
2 Company agreed to provide some of the information requested by Global. *See* Tab G.  
3 However, Global failed to respond. Thus, Global has still failed to disclose whether, and the  
4 extent to which, monies derived from ICFAs are used to fund SCWC and PVUC. Only on  
5 the eve of the hearing, in its prefiled direct and rebuttal testimony, did Global reveal that  
6 ICFA funds were used to acquire CP Water Company and Francisco Grande Utility  
7 Company. *See* Tab I. Requiring Global to provide this information is crucial to  
8 understanding the operations of Global's untraditional, if not questionable, financing  
9 mechanisms, and to determining whether Global is fit to serve the CCN extension areas that  
10 its subsidiaries are requesting.

11 **D. Global's Inter-Company Agreements Related to Effluent.**

12 Arizona Water Company's data request 1.81 sought copies of any inter-company  
13 agreements to sell effluent involving SCWC, PVUC or any Global entity. Tab A. Global  
14 simply responded "Not applicable." Tab B. Global's response, which was ambiguous  
15 initially, became even more confusing during the meet and confer process. During the  
16 meeting on December 14, 2006, Global's counsel stated that an effluent agreement between  
17 SCWC and PVUC existed and that it would be produced. Tab E. In its letter dated January  
18 9, 2007, Global asserted that "PVUC makes effluent available to SCWC for the purpose of  
19 water calculations and that this *arrangement* was the result of negotiations with ADWR."  
20 Tab F at 7 (emphasis added). However, Global then stated that "Global will confirm that no  
21 agreement exists between SCWC and PVUC to sell effluent *or* provide a copy of the  
22 effluent agreement . . . ." *Id.* Arizona Water Company responded that, regardless of  
23 whether Global chose to call this situation an agreement or an arrangement, Global should  
24 provide full details and documentation. *See* Tab G. Global has so far failed to respond on  
25 this issue.  
26  
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1           **E. Information on the Alleged Savings and Benefits of Integrated Services.**

2           Global has argued throughout this matter that savings and benefits will result from  
3           Global's model of alleged "integrated" water and wastewater services. Therefore, Arizona  
4           Water Company is entitled to discover the facts and information necessary to determine  
5           whether any such savings or benefits exist. Arizona Water Company also sought  
6           information and documents related to any charges by Global Management, LLC and/or  
7           other Global entities for the "common" services at alleged "market-based prices" provided  
8           to SCWC and PVUC. *See* Tab A, Requests 1.73, 1.91-1.93. Global has failed or refused to  
9           provide anything but vague and non-responsive answers to these requests. *See* Tab B.  
10          Moreover, during the meet and confer process, Global contended that no calculation of  
11          alleged cost savings existed and that performing such a calculation would be burdensome.  
12          *See* Tab E & G. Arizona Water Company responded that Global should either provide an  
13          accounting of the alleged savings, or else confirm that no such calculation of savings could  
14          be made. *See* Tab G at 2. Global has so far failed to respond on this issue.

15           **F. Global's Targets for Expansion.**

16          Arizona Water Company's data requests 1.15, 1.16, 1.100, 2.12 and 2.13 concerned  
17          Global's expansion activities, plans and tactics. *See* Tab A. Global has contended  
18          throughout that the requested information was immune from discovery on privilege or  
19          confidentiality grounds. *See* Tab B. Global even demanded that Arizona Water Company  
20          withdraw these requests "in their entirety." Tab F at 6. But Global has not stated any  
21          reason or rationale for its privilege and confidentiality objections, let alone demonstrated  
22          necessary grounds for the assertion of a privilege or imposition of a confidentiality order  
23          barring discovery of this relevant information, or affirmatively seeking a protective order to  
24          ban production. After refusing to provide responses on this issue, Global suddenly revealed  
25          its recent acquisition of CP Water Company and Francisco Grande Utility Company, not by  
26          responding to Arizona Water Company's data requests, but instead in its direct and rebuttal  
27          testimony. Global even argued that those acquisitions provided an additional reason as to  
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1 why Global should be awarded the CCN. Global cannot have it both ways – asserting  
2 privilege or confidentiality on one hand and on the other hand presenting its acquisitions as  
3 support for its application. Arizona Water Company is entitled to all information  
4 concerning Global's expansion activities, plans and tactics, and Global should be ordered to  
5 respond fully to Arizona Water Company's data requests to provide this information.

6 **G. CAAG Plan and Process.**

7 Arizona Water Company sought documents and information related to Global's  
8 attempt to obtain a 208 Plan amendment, including a copy of the plan itself. *See* Tab A,  
9 Request 1.20, 1.21, 1.86. In refusing to produce the documents and information which it  
10 clearly possesses, Global has continually referred Arizona Water Company to various public  
11 agencies. *See* Tab B. Instead of making an effort to resolve discovery issues in a cost  
12 effective and efficient manner, Global sought to subvert the Commission's fact finding  
13 process by forcing Arizona Water Company into an expensive and inefficient runaround to  
14 gather documents which Global could easily provide.

15 **H. Hydrological Reports.**

16 In its data request 1.41, Arizona Water Company requested Global's hydrological  
17 reports and information related to the requested expansion area. Tab A, Request 1.41.  
18 Global objected on confidentiality grounds, but again stated no justification for that  
19 assertion. Tab B. Arizona Water Company then offered to enter into a suitable  
20 confidentiality agreement related to such information. Tab E at 4, Tab G at 3. Global has  
21 never responded.

22 **I. Prior Conduct of Global's Officers Related to Hill, Murray & Associates.**

23 Three of Global's corporate officers and stockholders (its President, Trevor Hill; its  
24 Vice President, Graham Symmonds; and its Secretary and Treasurer, Leo Commandeur)  
25 were formerly principals of Hill, Murray and Associates ("HMA"), an entity with a troubled  
26 history of designing wastewater treatment plants in Canada. The Commission and its staff  
27 have found these matters to be relevant to Global's prior requests for extension of their  
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1 CCNs. *See* Decision No. 67240, ¶¶ 28-39; *see also* Supplemental Staff Report dated May  
2 28, 2004, in Docket Nos. W-03576A-03-0586 and WS-03575A-03-0586. Ultimately,  
3 Global was required to enter into a settlement agreement with Staff which was incorporated  
4 into Decision No. 67240, and to post performance bonds of \$750,000. *See* Decision No.  
5 67240.

6 Arizona Water Company requested documents related to these matters in its second  
7 set of data requests, particularly Requests 2.23 to 2.28, which sought specific documents  
8 mentioned in the public record. *See* Tab C. Global has sought to evade production of this  
9 very relevant information and objected to these requests as overbroad and irrelevant. *See*  
10 Tab D. In subsequent correspondence, Global contended that it did not have copies of these  
11 materials, even though Global referenced and discussed the documents in prior filings. *See*  
12 Tab F at 7. Arizona Water Company has continued to seek these materials which are highly  
13 relevant and must be produced. *See* Tab G at 3. The conduct of Global's officers and  
14 stockholders during their Canadian years with HMA are directly relevant to whether Global  
15 is fit to serve as a utility service provider in the disputed area.

## 16 II. CONCLUSION.

17 For the foregoing reasons, the Commission should order Global to provide a full and  
18 complete response to the following data requests by Arizona Water Company:

- 19 1. On Global's ICFAs – AWC 1.1, 1.2, 1.3, 1.4, 1.6, 1.101;
- 20 2. On Global's P3 Agreements – AWC 1.8, 1.9, 1.10, 1.11, 1.12, 1.13, 1.14;
- 21 3. On Global's sources of equity – AWC 1.26, 1.50, 1.51, 1.101-1.104;
- 22 4. On Global's intra-company agreements on effluent – AWC 1.81;
- 23 5. On the alleged benefits of integrated water and wastewater utilities, AWC  
24 1.73, 1.91, 1.92, 1.93;
- 25 6. On Global's expansion plans and tactics – AWC 1.15, 1.16, 2.12, 2.13;
- 26 7. On Global's attempt to obtain a CAAG plan amendment – AWC 1.20, 1.21,  
27 1.86;
- 28

1 8. On Global's hydrological reports – 1.41.

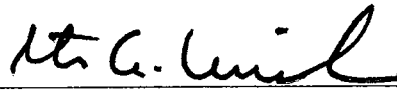
2 9. On the prior conduct of Global's officers related to HMA – AWC 2.23 to  
3 2.28.

4 A Procedural Order should also be entered providing that discovery undertaken in the  
5 Formal Complaint proceeding among the same parties may be used in this docket as if  
6 undertaken in this matter, pursuant to the parties' agreement.

7 DATED this 15 day of June, 2007.

8 BRYAN CAVE LLP

9  
10  
11 By

  
Steven A. Hirsch, #006360  
Rodney W. Ott, #016686  
Two N. Central Avenue, Suite 2200  
Phoenix, AZ 85004-4406  
Attorneys for Arizona Water Company

12  
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16  
17 **ORIGINAL** and **17 COPIES** of the foregoing  
18 filed this 15 day of June, 2007 with:

19 Docket Control Division  
20 Arizona Corporation Commission  
21 1200 W. Washington  
Phoenix, AZ 85007

22 **COPY** of the foregoing hand-delivered  
23 this 15 day of June, 2007 to:

24 Lyn A. Farmer, Esq.  
25 Chief Administrative Law Judge  
26 Hearing Division  
27 Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

28

1 Yvette B. Kinsey, Esq.  
2 Administrative Law Judge  
3 Hearing Division  
4 Arizona Corporation Commission  
5 1200 W. Washington  
6 Phoenix, AZ 85007

7 Christopher Kempley, Esq.  
8 Chief Counsel, Legal Division  
9 Arizona Corporation Commission  
10 1200 W. Washington  
11 Phoenix, AZ 85007

12 Ernest G. Johnson  
13 Director, Utilities Division  
14 Arizona Corporation Commission  
15 1200 W. Washington  
16 Phoenix, AZ 85007

17 **COPY** of the foregoing mailed this  
18 15<sup>th</sup> day of June, 2007 to:

19 Michael W. Patten, Esq. [mailed and e-mailed]  
20 Timothy J. Sabo, Esq.  
21 Roshka DeWulf & Patten, PLC  
22 One Arizona Center  
23 400 E. Van Buren St., Suite 800  
24 Phoenix, AZ 85004  
25 Attorneys for Applicants  
26 Santa Cruz Water Company, L.L.C.  
27 and Palo Verde Utilities Company, L.L.C.

28 Ken Franks, Esq.  
29 Rose Law Group, PC  
30 6613 N. Scottsdale Road, Ste. 200  
31 Scottsdale, AZ 85250  
32 Attorneys for Bevnorm Olive, LLC and  
33 Hampden & Chambers LLC

34 Kenneth H. Loman  
35 Manager  
36 KEJE Group, LLC  
37 7854 W. Sahara  
38 Las Vegas, NV 89117

1 Craig Emmerson, Manager  
2 Anderson & Val Vista 6, LLC  
3 8501 N. Scottsdale Road, Suite 260  
4 Scottsdale, AZ 85253

5 Jeffrey W. Crockett, Esq. [mailed and e-mailed]  
6 Marcie Montgomery, Esq.  
7 Snell & Wilmer  
8 One Arizona Center  
9 400 E. Van Buren  
10 Phoenix, AZ 85004-2202  
11 Attorneys for CHI Construction Company  
12 and CP Water Company

13 Brad Clough  
14 Anderson & Barnes 580 LLP  
15 Anderson & Miller 694, LLP  
16 8501 N. Scottsdale Road, Suite 260  
17 Scottsdale, AZ 85253

18 Phillip J. Polich  
19 Gallup Financial, LLC  
20 8501 N. Scottsdale, #125  
21 Scottsdale, AZ 85253

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A

**ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
TO SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY**

**Docket No. W-01445A-06-0199**

**October 3, 2006**

- AWC 1.1 Identify all property owners contacted in any way (personal visit, mail, correspondence, email, telephone, advertisement or other communication calculated to elicit a response) by Santa Cruz Water Company ("SCWC"), Palo Verde Utilities Company ("PVUC"), Global Water Resources, LLC, Global Water Resources, Inc., and any company, entity, or person affiliated with, employed by, or acting on behalf of the foregoing entities (collectively, the "Global Entities") to discuss that property owner's entry into an Infrastructure Coordination and Financing Agreement ("ICFA") or similar agreement.
- AWC 1.2 For each property owner identified in response to AWC 1.1, identify the date of communication, manner of communication (written or oral) and the name and title of the person who made the contact.
- AWC 1.3 For each property owner identified in response to AWC 1.1, provide copies of all written correspondence and documents of any nature (draft or final) provided to or received from the property owner concerning the ICFA.
- AWC 1.4 For each property owner identified in response to AWC 1.1, describe in detail all oral communications and provide copies of all written communications, including but not limited to representations or promises, made to the property owner concerning the ICFA.
- AWC 1.5 Provide copies of all ICFAs which have been proposed to or entered into with a property owner, whether in draft or final form, executed or unexecuted, and for each, disclose whether it is recorded in the State of Arizona, and if so, provide the recording information.
- AWC 1.6 Provide an updated map or maps showing all areas in the State of Arizona which any of the Global Entities believes or asserts are subject to an ICFA.
- AWC 1.7 For each property owner identified in response to AWC 1.1, provide an accounting of all monies or other consideration received or to be received by any of the Global Entities under or related to any ICFA.
- AWC 1.8 Identify all municipalities, counties or other governmental or quasi-governmental entities contacted in any way (personal visit, mail,



correspondence, email, telephone, advertisement or other action calculated to elicit a response) by any of the Global Entities to discuss that municipality's or county's entry into a so-called Private Public Partnership ("P3"), Memorandum of Understanding ("MOU") or similar agreement.

- AWC 1.9 For each municipality and county identified in response to AWC 1.8, identify the date of contact, manner of contact (written or oral) and the name and title of the person who made the contact.
- AWC 1.10 For each municipality and county identified in response to AWC 1.8, provide copies of all written correspondence and documents of any nature (draft or final) provided to or received from the municipality or county concerning the P3 or MOU.
- AWC 1.11 For each municipality identified in response to AWC 1.8, describe in detail all oral communications and provide copies of all written communications, including but not limited to, representations or promises made to the municipality concerning the P3 or MOU.
- AWC 1.12 Provide copies of all P3s or MOUs which have been proposed to a municipality, whether in draft or final, executed or unexecuted, and for each disclose whether it is recorded in the State of Arizona, and if so, provide the recording information.
- AWC 1.13 Provide an updated map or maps showing all areas in the State of Arizona which any of the Global Entities believes or asserts are subject to a P3 or MOU.
- AWC 1.14 For each municipality, county and entity identified in response to AWC 1.8, provide an accounting of all monies or other consideration paid or to be paid by any of the Global Entities under or related to any P3 or MOU.
- AWC 1.15 Identify all utilities or public service corporations in Arizona which any of the Global Entities have acquired or sought to acquire, including but not limited to any stock purchases of any amount in any utility or public service corporation.
- AWC 1.16 For each utility or public service corporation identified in response to AWC 1.15, provide an accounting of all monies or other consideration paid or offered to be paid, and all stock purchased or proposed to be purchased, together with copies of all correspondence or documents related to such purchase or offer.
- AWC 1.17 Identify and list all witnesses that SCWC or PVUC intends to call or may call to testify at the hearing in this matter, provide a summary of the subject matter of their testimony and their qualifications, and provide all

exhibits that SCWC or PVUC anticipates offering into evidence or otherwise using at the hearing in this matter.

- AWC 1.18 Provide curriculum vitae or resumes for all witnesses that SCWC or PVUC anticipates calling to testify in this matter, and identify all relevant utility industry background and experience of the particular witness.
- AWC 1.19 Describe fully all plans that SCWC, PVUC or any of the Global Entities have to install utility service facilities in SCWC's or PVUC's proposed water CCN extension areas, and provide copies of all such plans.
- AWC 1.20 Describe fully all steps taken by SCWC, PVUC or any of the Global Entities to obtain a 208 Plan amendment for the relevant CCN expansion areas, and provide copies of all correspondence, proposals, plans and other documents related to such efforts.
- AWC 1.21 Describe fully discussions that SCWC, PVUC, or any of the Global Entities have engaged in with municipalities in Pinal County or with Pinal County itself to obtain a 208 Plan Amendment, and provide copies of all correspondence related to such discussions.
- AWC 1.22 Describe fully all plans that PVUC or any of the Global Entities has to install wastewater service facilities in its proposed CCN expansion areas, and provide copies of all such plans.
- AWC 1.23 List and identify each "affiliate" and "holding company" of SCWC, PVUC, or any of the Global Entities, as those terms are defined in A.A.C. R 14-2-801.
- AWC 1.24 Provide a copy of all formal data requests directed to SCWC or PVUC by any other parties to this proceeding and the companies' responses thereto.
- AWC 1.25 Provide a copy of all responses to data requests or other requests for information directed towards SCWC, PVUC or any of the Global Entities in any ACC docket involving Desert Hills Water Company.
- AWC 1.26 Identify and describe all transfers of ownership interests in SCWC, PVUC, or any of the Global Entities made within the last ten (10) years.
- AWC 1.27 Provide a copy of all communications between SCWC, PVUC, or any of the Global Entities and ADWR regarding the extension area requested by SCWC and PVUC in this case.
- AWC 1.28 Provide a copy of any plans by SCWC, PVUC, or any of the Global Entities for deploying reclaimed water facilities in SCWC's proposed extension area.

- AWC 1.29 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of reclaimed water sold for each of the last five years. For comparison, also provide the quantity and dollar amount of water sold for each system for each of the last five years.
- AWC 1.30 Identify all CCNs and/or tariffs of SCWC, PVUC, or any of the Global Entities, allowing or permitting the sale of reclaimed water.
- AWC 1.31 Provide a copy of any plans by SCWC, PVUC, or any of the Global Entities for deploying recharge wells in SCWC's or PVUC's proposed extension area.
- AWC 1.32 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity of water recharged for each of the last five years. To the extent that the answer is greater than zero, specify the source and nature of the water recharged; that is, whether it was groundwater, surface water from the CAP, surface water from non-CAP sources, or reclaimed water.
- AWC 1.33 Provide a copy of any plans by SCWC, PVUC or any of the Global Entities for using surface water in SCWC's proposed extension area.
- AWC 1.34 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of surface water sold for each of the last five years. For comparison, also provide the quantity and dollar amount of water sold for each system for each of the last five years.
- AWC 1.35 Provide a copy of any plans by SCWC, PVUC or any of the Global Entities, to reduce the usage of groundwater in each of its systems.
- AWC 1.36 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater pumped for each of the last five years.
- AWC 1.37 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater sold for each of the last five years.
- AWC 1.38 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater pumped per customer for each of the last five years.

- AWC 1.39 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater sold per customer for each of the last five years.
- AWC 1.40 For each well operated by SCWC, PVUC or any of the Global Entities, provide a copy of all well data for the last five years, including the pumping rate, the amount pumped, and the static and pumping level of water in the well.
- AWC 1.41 Provide a copy of all hydrology reports or hydrological information in the possession of SCWC, PVUC or any of the Global Entities concerning SCWC's requested extension area.
- AWC 1.42 Provide all projections in the possession of SCWC, PVUC or any of the Global Entities regarding likely water usage in SCWC's requested extension area for the next five years. Explain the source of all data used in the projection(s) and identify all assumptions used in developing the projection(s).
- AWC 1.43 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of water sold for each of the last five years.
- AWC 1.44 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide a "water use data sheet" (in the format typically used by Staff) showing the most recent 12 months for which data is available.
- AWC 1.45 Provide any Physical Availability Determination, or Assured Water Supply documents (analysis, certificate or designation) concerning SCWC's requested extension area.
- AWC 1.46 Does SCWC plan to obtain a Designation of Assured Water Supply applicable to the requested extension area? If the answer is no, explain how SCWC will obtain Certificates of Assured Water Supply applicable to SCWC's requested extension area.
- AWC 1.47 Provide all engineering designs, plans, reports and such documents for SCWC's proposed extension area that are in the possession of SCWC, PVUC or any of Global Entities.
- AWC 1.48 Provide the financial statements of SCWC, PVUC and each of the Global Entities, for each of the last three years.
- AWC 1.49 For each of the last three years, provide the reports provided by SCWC, PVUC, or any of the Global Entities under A.A.C. R14-2-805.

- AWC 1.50      Indicate the sources of equity available to SCWC, PVUC or any of the Global Entities.
- AWC 1.51      Provide a schedule showing all equity provided to SCWC, PVUC or any of the Global Entities by shareholders or others in the last five years.
- AWC 1.52      Identify, describe and provide the amounts of any contributions to equity capital of SCWC, PVUC or any of the Global Entities that originated or derived from any ICFA.
- AWC 1.53      Provide details about all lines of credit and/or letters of credit usable by SCWC, PVUC or any of the Global Entities, including interest rate, lender and amount that can be borrowed, as well as the amount owed under the line of credit and/or letter of credit for each of the last twelve months.
- AWC 1.54      Identify all sources of debt funding for SCWC, PVUC or any of the Global Entities, including the interest rate, lender and amount that can be borrowed.
- AWC 1.55      For each of the last three years, provide the property tax statements of SCWC, PVUC and each of the Global Entities.
- AWC 1.56      Identify and provide copies of all performance bonds relating to or required of SCWC, PVUC or any of the Global Entities.
- AWC 1.57      Provide a list of all transactions or inter-company charges between SCWC, PVUC and any of the Global Entities for the last five years.
- AWC 1.58      Provide the estimated number of customers in SCWC's and PVUC's requested extension area for each of the first five years of operations, and explain the basis for the estimates.
- AWC 1.59      Provide the estimated number of customers in SCWC's and PVUC's requested extension area at build-out, and explain the basis for the estimate.
- AWC 1.60      Provide the estimated build-out date when all of SCWC's and PVUC's requested extension area will be built out, and explain the basis for that estimate.
- AWC 1.61      Provide the estimated water usage per customer in SCWC's requested extension area after the first five years of operations and provide the basis for that estimate.
- AWC 1.62      Provide the estimated water usage per customer in SCWC's proposed extension area at build-out, and provide the basis for the estimate.

- AWC 1.63 Provide the estimated amount of groundwater pumped per customer in SCWC's requested extension area at build-out, and provide the basis for the estimate.
- AWC 1.64 Provide the number of acres in SCWC's and PVUC's requested extension area.
- AWC 1.65 Provide the number of acres in SCWC's and PVUC's requested extension area covered by requests for service specifically addressed to SCWC, PVUC or any of the Global Entities, list any requests for service not included in SCWC's and PVUC's Application, and provide a copy of any requests not included in SCWC's and PVUC's Application.
- AWC 1.66 For SCWC, PVUC and each of the Global Entities, provide the names of each officer, and a brief description of their education and experience.
- AWC 1.67 For SCWC, PVUC and each of the Global Entities, provide the names of each member of the board of directors, and a brief description of their education and experience.
- AWC 1.68 Describe the experience of SCWC's management in providing potable water service.
- AWC 1.69 Describe the experience of SCWC's or PVUC's management in providing reclaimed water service.
- AWC 1.70 Describe the experience of PVUC's management in providing wastewater service.
- AWC 1.71 Provide a list of all engineers employed by SCWC, PVUC and each of the Global Entities, and a brief description of their education and experience, including whether the engineer hold an Arizona professional engineer registration, the registration type and number.
- AWC 1.72 Provide a list of all certified operators employed by or under contract to SCWC, PVUC and each of the Global Entities, and identify the areas in which they are certified.
- AWC 1.73 Identify and describe all common or shared facilities that SCWC, PVUC, or any of the Global Entities will use to provide water, wastewater and reclaimed water services in the requested extension area.
- AWC 1.74 Identify and describe all common or shared employees or independent contractors that SCWC, PVUC or any of the Global Entities will use to

provide water, wastewater and reclaimed water services in the requested extension area.

- AWC 1.75 Does SCWC or PVUC share information about their customers with other entities, including any of the Global Entities? If yes, describe the shared information and any contractual requirements regarding the safeguarding of that information and restrictions on the use of that information.
- AWC 1.76 If the answer to AWC 1.75 is yes, provide a copy of any Commission order authorizing sharing of customer information.
- AWC 1.77 Does SCWC, PVUC or any of the Global Entities have a Commission-approved tariff or other authority that permits or authorizes in any way the disconnection of water service for a SCWC customer for non-payment of wastewater bills from PVUC or any other public service corporation? If so, describe and provide a copy of any such tariff or authority.
- AWC 1.78 Provide a copy of all communications between SCWC, PVUC and any other entity, including the Global Entities, concerning the provision of water, wastewater or reclaimed water service to SCWC's and PVUC's proposed extension area.
- AWC 1.79 Provide the CAP allocation of SCWC and each Global Entity, the date the allocation was obtained, and the quantity of treated and untreated CAP water sold to customers by each affiliate for the last 5 years.
- AWC 1.80 Provide a copy of the Modification of the Designation of Assured Water Supply referred to in the April 6, 2006 response to Staff's insufficiency letter dated February 8, 2006.
- AWC 1.81 Provide a copy of all inter-company agreements involving SCWC, PVUC or any Global Entity to purchase or sell effluent.
- AWC 1.82 Provide the annual cost (total and unit) to produce A+ reclaimed water for each regulated wastewater affiliate or any Global Entity for each of the last five years.
- AWC 1.83 Provide the quantity of reclaimed water accepted in storage impoundments for reuse for each development in PVUC's northern service area for each of the last five years.
- AWC 1.84 Provide the quantity of reclaimed water sold to residential customers for the last five years by PVUC or any of the Global Entities.

- AWC 1.85 List all sources of non-CAP surface water of SCWC, PVUC and each of the Global Entities and provide the quantity of each source available for 2007-2011, by year.
- AWC 1.86 Provide a copy of the regional plan "supported by Pinal County, the City of Maricopa and the City of Casa Grande" referred to in the April 6, 2006 response to Staff's insufficiency letter dated February 8, 2006.
- AWC 1.87 Provide a list of each regulated water affiliates' current employees showing, for each employee, the employee's job title, year hired by affiliate, years of experience with other water utilities, certifications by level, degrees, professional certifications and state licenses.
- AWC 1.88 Provide the authorized return on rate base for each regulated affiliate, including the Docket Number, Decision and date the return was authorized.
- AWC 1.89 List any regulated water affiliate that earned more than its authorized return in any of the last three calendar years, and for each such affiliate, if any, provide the amount and percentage of such earning by year.
- AWC 1.90 For each regulated affiliate, provide the operating income, calculated rate base and realized return for each of the last three calendar years.
- AWC 1.91 Provide an itemized description and calculation of the amounts of the annual savings each of the regulated Global Entities have realized by operating as an integrated water and sewer provider for each of the last three years.
- AWC 1.92 Provide a copy of all inter-company agreements between SCWC, PVUC and any of the Global Entities covering the provision of integrated services between regulated affiliates, including existing common or shared services (such as any type of management services, financing, employee sharing), and cooperative maintenance or operations agreements, that enable greater efficiency and cost savings to the integrated regulated utilities, and provide the Decision number and a copy of the relevant portion of the Decision authorizing the shared service and accounting requirements.
- AWC 1.93 For each of the last three years, provide the total costs of each common or shared service referred to in AWC 1.92 or AWC 1.93 above. For each common or shared service provide the amount and percentage of total costs allocated to each regulated affiliate and the basis of each cost allocation.



- AWC 1.94 Identify the source of water supply and storage that SCWC, its affiliates or holding companies will use to meet the water demands in the area that SCWC is seeking to add to its certificated area in this case.
- AWC 1.95 Provide copies of all approvals to construct a water system that SCWC or any of the Global Entities has received from the Arizona Department of Environmental Quality to serve, or help to serve the area that SCWC is seeking to add to its certificated area in this case.
- AWC 1.96 What is estimated cost of all facilities currently believed necessary for arsenic treatment and removal in the area that SCWC seeks to add to its certificated area in this case?
- AWC 1.97 Is the estimated cost in AWC 1.96, above, reflected in SCWC's proposed rates for serving the area it seeks to add to its certificated area in this case? If not, what impact does SCWC estimate that estimated cost will have on SCWC's proposed rates?
- AWC1.98 Summarize all plans by SCWC or any of the Global Entities for the treatment and removal of arsenic from the water SCWC plans to serve the area that SCWC seeks to add to its certificated area in this case.
- AWC 1.99 Provide a current list of regulated water or wastewater utilities owned in whole or in part by any of the Global Entities, and provide a current CCN map for each entity.
- AWC 1.100 For any ownership interest identified in response to AWC 1.99 that was originally acquired or increased in the last five years, include without limitation the type of each acquisition, the date and description of each individual transaction, the purchaser, the amount paid, and the percentage of entity owned as of October 1, 2006. Please describe the source of funds for each acquisition and provide a descriptive copy of all journal entries related to each purchase.
- AWC 1.101 For each ICFA, list the payments that have been received by date and the remaining estimated payments that are required. Describe the accounting for ICFA payments, all specific limitations on the use of ICFA funds, permissible uses and the amount expended, disbursed or invested by year, type of use and receiving payee/affiliate. Provide the descriptive journal entries used by any affiliate to record payment or any transfers of ICFA funds to the affiliate.
- AWC 1.102 Provide a descriptive list of all capital transactions including the date and amount for the last 5 years between all Global Entities not previously described in response to AWC 1.100.

- AWC 1.103 Identify all new developments of 100 or more homes at build out that have received water or wastewater from a Global Entity in the last three years, or will likely receive service in the next two years based on the utility facilities that are currently under construction. For each such development, identify the cost and type of infrastructure facilities needed to serve the development, the dollar amount financed by a regulated affiliate and the amount financed by the developer. For developer financing, indicate the amount provided through an ICFA, the amount provided through an approved ACC main extension agreement (including the agreement number) and amount provided through other means.
- AWC 1.104 For each development described in AWC 1.103, identify the cost and type of distribution facilities needed to serve the development, the dollar amount financed by a regulated affiliate and the amount financed by the developer. For developer financing, indicate the amount provided through an ICFA, the amount provided through an approved ACC main extension agreement (including the agreement number) and the amount provided through any other means.
- AWC 1.105 Explain what is required of developers to demonstrate compliance with the requirement referred to in PVUC's response "Developers are required by PVUC to make provisions with storage impoundments to accept reclaimed water for reuse . . . ." (April 6, 2006 response to Staff's February 8, 2006 letter).
- AWC 1.106 Provide an accounting of the uses of reclaimed water by type of use including but not limited to irrigation, recharge, and evaporation for each of the last five years.
- AWC 1.107 With respect to the provisions with storage impoundments required of developers, provide an accounting of the costs of these storage impoundments and the source of the funds used to construct or purchase/lease these storage impoundments.
- AWC 1.108 State which entity or entities recorded the costs associated with the construction of the storage impoundments for accounting purposes, whether PVUC, another Global Entity, or the developer.

**B**

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.1 Identify all property owners contacted in any way (personal visit, mail, correspondence, email, telephone, advertisement or other communication calculated to elicit a response) by Santa Cruz Water Company ("SCWC"), Palo Verde Utilities Company ("PVUC"), Global Water Resources, LLC, Global Water Resources, Inc., and any company, entity, or person affiliated with, employed by, or acting on behalf of the foregoing entities (collectively, the "Global Entities") to discuss that property owner's entry into an Infrastructure Coordination and Financing Agreement ("ICFA") or similar agreement.

**RESPONSE:** Attached is a spreadsheet utilized internally by management to track ICFA agreements. 97% of agreements are initiated by developers, builders and brokers who have worked with Global previously.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
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Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.2 For each property owner identified in response to AWC 1.1, identify the date of communication, manner of communication (written or oral) and the name and title of the person who made the contact.

**RESPONSE:** Objection. The requested information is overly broad and not relevant, nor is it reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
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October 24, 2006

AWC 1.3 For each property owner identified in response to AWC 1.1,  
provide copies of all written correspondence and documents of any  
nature (draft or final) provided to or received from the property owner  
concerning the ICFA.

**RESPONSE:** See response to AWC 1.2.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.4 For each property owner identified in response to AWC 1.1, describe in detail all oral communications and provide copies of all written communications, including but not limited to representations or promises, made to the property owner concerning the ICFA.

**RESPONSE:** See response to AWC 1.1 and AWC 1.3

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
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AWC 1.5      Provide copies of all ICFA's which have been proposed to or entered into with a property owner, whether in draft or final form, executed or unexecuted, and for each, disclose whether it is recorded in the State of Arizona, and if so, provide the recording information.

**RESPONSE:** All copies of executed ICFA documents are recorded against the land requesting service or are in the process of being recorded. These copies can be located by searching the websites for recorded documents in Maricopa and Pinal County.

**RESPONDENT:**    Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
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October 24, 2006

AWC 1.6 Provide an updated map or maps showing all areas in the State of Arizona which any of the Global Entities believes or asserts are subject to an ICFA.

**RESPONSE:** Certain CC&N Applications submitted by Global Entities contain relevant maps. Each ICFA contains a legal description showing the covered area. All executed ICFAs are recorded in the relevant County Recorder's office, or are in the process of being recorded.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
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October 24, 2006

AWC 1.7 For each property owner identified in response to AWC 1.1, provide an accounting of all monies or other consideration received or to be received by any of the Global Entities under or related to any ICFA.

**RESPONSE:** Each ICFA contains information regarding the timing of payments to be made pursuant to that particular ICFA. The ICFAs are available from the County Recorder's Offices.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

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Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.8 Identify all municipalities, counties or other governmental or quasi-governmental entities contacted in any way (personal visit, mail, correspondence, email, telephone, advertisement or other action calculated to elicit a response) by any of the Global Entities to discuss that municipality's or county's entry into a so-called Private Public Partnership ("P3"), Memorandum of Understanding ("MOU") or similar agreement.

**RESPONSE:** Global has entered into P3 agreements with the cities of Maricopa and Casa Grande which cover areas at issue in this docket. Concerning areas not at issue in this docket, Global objects to this request as being overly broad, unduly burdensome and is not relevant or reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:** Legal Counsel to Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.9      For each municipality and county identified in response to AWC 1.8, identify the date of contact, manner of contact (written or oral) and the name and title of the person who made the contact.

**RESPONSE:** Objection. This question is overly broad, unduly burdensome and is not relevant or reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:**      Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

**AWC 1.10** For each municipality and county identified in response to AWC 1.8, provide copies of all written correspondence and documents of any nature (draft or final) provided to or received from the municipality or county concerning the P3 or MOU.

**RESPONSE:** See response to AWC 1.9.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.11 For each municipality identified in response to AWC 1.8, describe in detail all oral communications and provide copies of all written communications, including but not limited to, representations or promises made to the municipality concerning the P3 or MOU.

**RESPONSE:** All relevant and enforceable commitments are set forth in the P3s.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.12 Provide copies of all P3s or MOUs which have been proposed to a municipality, whether in draft or final, executed or unexecuted, and for each disclose whether it is recorded in the State of Arizona, and if so, provide the recording information.

**RESPONSE:** See response to AWC 1.8.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.13 Provide an updated map or maps showing all areas in the State of Arizona which any of the Global Entities believes or asserts are subject to a P3 or MOU.

**RESPONSE:** Each P3 has an attached map showing the subject territories relating to that P3. AWC should already have copies of the P3s with Maricopa and Casa Grande.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.14 For each municipality, county and entity identified in response to AWC 1.8, provide an accounting of all monies or other consideration paid or to be paid by any of the Global Entities under or related to any P3 or MOU.

**RESPONSE:** P3 payments have been made in accordance with the terms of the P3. Payments are made by Global Water Resources, LLC rather than any of the regulated utilities.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.15 Identify all utilities or public service corporations in Arizona which any of the Global Entities have acquired or sought to acquire, including but not limited to any stock purchases of any amount in any utility or public service corporation.

**RESPONSE:** Objection. This request is overly broad, unduly burdensome, irrelevant and seeking information and/or documents that are privileged and confidential. This request seeks information that is not relevant to the issues and subject matter in this docket and is not likely to lead to the discovery of any relevant or admissible evidence. Further, this question seeks disclosure of proprietary business information. Thus, the information is confidential and privileged and not subject to discovery.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.16 For each utility or public service corporation identified in response to AWC 1.15, provide an accounting of all monies or other consideration paid or offered to be paid, and all stock purchased or proposed to be purchased, together with copies of all correspondence or documents related to such purchase or offer.

**RESPONSE:** Objection. This request is overly broad, unduly burdensome, irrelevant and seeking information and/or documents that are privileged and confidential. This request seeks information not relevant to the issues and subject matter in this docket and is not likely to lead to the discovery of any relevant or admissible evidence. Further, the information sought is proprietary business information that is confidential and privileged. Thus, the information is not subject to discovery.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.17 Identify and list all witnesses that SCWC or PVUC intends to call or may call to testify at the hearing in this matter, provide a summary of the subject matter of their testimony and their qualifications, and provide all exhibits that SCWC or PVUC anticipates offering into evidence or otherwise using at the hearing in this matter.

**RESPONSE:** As of October 23, 2006, SCWC and PVUC intend to have the following persons testify in the consolidated dockets:

- (1) Trevor Hill – President, Global Water Management
- (2) Cindy Liles – Senior Vice President (Growth Management) and CFO, Global Water Management
- (3) Graham Symmonds – Senior Vice President (Operations and Compliance), Global Water Management
- (4) Global may retain an expert on water policy to testify in this case.
- (5) Global will also likely retain a hydrologist to testify.

All of the witnesses for SCWC and PVUC will provide their qualifications and curriculum vitae or resumes as well as a summary of the topics of their testimony with their pre-filed testimony to be submitted November 27, 2006. Further, any exhibits that SCWC and PVUC anticipate offering into evidence or using at the hearing in these matters will be provided either with pre-filed testimony or as permitted by procedural order, Commission regulations and Arizona law. SCWC and PVUC reserve the right to supplement their list of witnesses and exhibits as permitted by procedural order, Commission regulations and Arizona law. Exhibits may also include any materials or information disclosed in discovery by a party to this case, as well as documents appearing on the exhibit list of any other party. Exhibits may also include public records concerning the parties.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.18      Provide curriculum vitae or resumes for all witnesses that SCWC or PVUC anticipates calling to testify in this matter, and identify all relevant utility industry background and experience of the particular witness.

**RESPONSE:** See SCWC and PVUC response to AWC 1.17 and AWC 1.66 (Ms. Liles) and 1.71 (Mr. Hill and Mr. Symmonds).

**RESPONDENT:**      Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.19 Describe fully all plans that SCWC, PVUC or any of the Global Entities have to install utility service facilities in SCWC's or PVUC's proposed water CCN extension areas, and provide copies of all such plans.

**RESPONSE:** The plans to provide water, wastewater and reclaimed water services are included in the application for CC&N Extension, specifically Exhibit 6.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.20 Describe fully all steps taken by SCWC, PVUC or any of the Global Entities to obtain a 208 Plan amendment for the relevant CCN expansion areas, and provide copies of all correspondence, proposals, plans and other documents related to such efforts.

**RESPONSE:** PVUC has submitted for approval of a Section 208 Water Quality Management Plan Amendment to Central Arizona Association of Governments ("CAAG") for the area known as the Consolidated PVUC Service Area. This application includes the area under consideration for extension by the ACC in this docket. This application was filed in December 2005, completed Environmental and Management Committee reviews and was the subject of several open public meetings. This application was approved by the State Water Quality Working Group on June 13, 2006. Full copies are available from the CAAG or ADEQ offices.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.21 Describe fully discussions that SCWC, PVUC, or any of the Global Entities have engaged in with municipalities in Pinal County or with Pinal County itself to obtain a 208 Plan Amendment, and provide copies of all correspondence related to such discussions.

**RESPONSE:** All documentation related to the application for the 208 Plan Amendment is available from CAAG, ADEQ and EPA. The Cities of Maricopa, Casa Grande, as well as Pinal County were actively engaged throughout the 208 Plan Amendment process.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.22 Describe fully all plans that PVUC or any of the Global Entities has to install wastewater service facilities in its proposed CCN expansion areas, and provide copies of all such plans.

**RESPONSE:** See response to AWC 1.19 and 1.20.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.23 List and identify each "affiliate" and "holding company" of SCWC, PVUC, or any of the Global Entities, as those terms are defined in A.A.C. R 14-2-801.

**RESPONSE:** Neither SCWC or PVUC are "Class A" utilities. Thus, they are not considered "utilities" or "public utilities" under A.A.C. R14-2-801(8). The definitions of "affiliate" and "holding company" apply only to "public utilities", and thus no entities related to SCWC or PVUC currently qualify as a holding company or affiliate.

However, if SCWC or PVUC were "Class A" utilities, then the following entities might fall within the definitions listed in your question.

1) Global Water Resources, LLC (Delaware LLC) – the parent of Santa Cruz Water Company (Arizona LLC); Palo Verde Utilities Company (Arizona LLC) and Global Water Inc. (Delaware Corporation)

2) Global Water, Inc. (Delaware Corporation) and its subsidiaries:

- (a) Global Water – Santa Cruz Water Company (Arizona Corporation)
- (b) Global Water – Palo Verde Utilities Company (Arizona Corporation)
- (c) Cave Creek Water Company, Inc. (Arizona Corporation)
- (d) Pacer Equities, Inc. (Arizona Corporation)
- (e) Hassayampa Utility Company, Inc. (Arizona Corporation)
- (f) Global Water – Picacho Cove Water Company (Arizona Corporation)
- (g) Global Water – Picacho Cove Utilities Company (Arizona Corporation)
- (h) West Maricopa Combine, Inc. (Arizona Corporation)

3) Subsidiaries of West Maricopa Combine, Inc.:

- (a) Willow Valley Water Co., Inc. (Arizona Corporation)
- (b) Valencia Water Company (Arizona Corporation)
- (c) Water Utility of Greater Buckeye, Inc. (Arizona Corporation)
- (d) Water Utility of Greater Tonopah, Inc. (Arizona Corporation)
- (e) Water Utility of Northern Scottsdale, Inc. (Arizona Corporation)

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

(f) Water Utility Administrative Services, Inc. (Arizona Corporation)

4) It is possible that Global Water Management, LLC (Delaware LLC) might be considered an affiliate under a very expansive interpretation of the rule.

See Exhibit A for a chart showing the relationships between these companies.

**RESPONDENT:** Legal Counsel for Global and Trevor Hill

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.24 Provide a copy of all formal data requests directed to SCWC or PVUC by any other parties to this proceeding and the companies' responses thereto.

**RESPONSE:** ACC Staff has issued 3 sets of data requests to SCWC and PVUC. The responses are attached. No other party (except AWC) has issued data requests to SCWC or PVUC.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.25 Provide a copy of all responses to data requests or other requests for information directed towards SCWC, PVUC or any of the Global Entities in any ACC docket involving Desert Hills Water Company.

**RESPONSE:** Objection. The requested information is not relevant to this docket nor it is reasonably calculated to lead to the discovery of relevant or admissible evidence. Further, neither SCWC nor PVUC are responsible for providing any services – either wholesale or otherwise – to Desert Hills Water Company. Thus, the information sought is not likely to lead to the discovery of relevant or admissible evidence in these matters and is overly broad.

However, without waiver of this objection, SCWC and PVUC state that there have been no such data requests.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.26 Identify and describe all transfers of ownership interests in SCWC, PVUC, or any of the Global Entities made within the last ten (10) years.

**RESPONSE:** Objection. The information requested is overly broad, unduly burdensome, irrelevant and not likely to lead to the discovery of admissible evidence.

However, without waiver of this objection, SCWC and PVUC state that the current ownership of the Global Entities is shown on Exhibit A to the Response to AWC 1.23.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.27 Provide a copy of all communications between SCWC, PVUC, or any of the Global Entities and ADWR regarding the extension area requested by SCWC and PVUC in this case.

**RESPONSE:** SCWC and PVUC have discussed the deployment of recharge facilities and the extension of SCWC's Designation of Assured Water Supply to the proposed service area. To date no applications for such measures have been initiated.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.28 Provide a copy of any plans by SCWC, PVUC, or any of the Global Entities for deploying reclaimed water facilities in SCWC's proposed extension area.

**RESPONSE:** See response to AWC 1.19.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.29 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of reclaimed water sold for each of the last five years. For comparison, also provide the quantity and dollar amount of water sold for each system for each of the last five years.

**RESPONSE:** This data is available from PVUC ACC Annual Reports. PVUC began selling reclaimed water in 2004:

2004	13,630,647 gallons	\$4,182.65
2005	110,599,238 gallons	\$33,936.57
2006 (end Sep)	204,164,430 gallons	\$62,664.37

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.30 Identify all CCNs and/or tariffs of SCWC, PVUC, or any of the  
Global Entities, allowing or permitting the sale of reclaimed water.

**RESPONSE:** PVUC's tariff for reclaimed water is \$100/acre-foot. The tariffs of  
PVUC and the other Global regulated utilities are on file with the  
Arizona Corporation Commission.

**RESPONDENT:** Graham Symmonds

Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.31 Provide a copy of any plans by SCWC, PVUC, or any of the Global Entities for deploying recharge wells in SCWC's or PVUC's proposed extension area.

**RESPONSE:** See response to AWC 1.19 and 1.21.

**RESPONDENT:** Graham Symmonds

Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.32 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity of water recharged for each of the last five years. To the extent that the answer is greater than zero, specify the source and nature of the water recharged; that is, whether it was groundwater, surface water from the CAP, surface water from non-CAP sources, or reclaimed water.

**RESPONSE:** No recharge activity has occurred to date. The deployment of reclaimed water and surface water are cornerstones to the Triad of Conservation which includes the (1) direct re-use of reclaimed water, (2) recharge of non-renewable water supplies (groundwater) with renewable supplies (surface water and reclaimed water); and (3) direct use of renewable surface water in place of non-renewable water supplies (groundwater).

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.33 Provide a copy of any plans by SCWC, PVUC or any of the  
Global Entities for using surface water in SCWC's proposed  
extension area.

**RESPONSE:** See response to AWC 1.19.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.34 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of surface water sold for each of the last five years. For comparison, also provide the quantity and dollar amount of water sold for each system for each of the last five years.

**RESPONSE:** To date, no surface water has been deployed in the SCWC service area. However, SCWC has completed the design activity for conversion of the ex-387 Water Reclamation Facility structure to a surface water treatment facility. Construction will begin on this conversion in 2006/07 for completion in 2007. In addition, Cave Creek Water Company sells a substantial amount of surface water. These sales are shown on the ACC annual reports for Cave Creek Water Company, which are available from the Arizona Corporation Commission.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.35 Provide a copy of any plans by SCWC, PVUC or any of the Global Entities, to reduce the usage of groundwater in each of its systems.

**RESPONSE:** Please see responses to AWC 1.33 and AWC 1.31. The deployment of reclaimed water and surface water are cornerstones to the Triad of Conservation which includes the (1) direct re-use of reclaimed water, (2) recharge of non-renewable water supplies (groundwater) with renewable supplies (surface water and reclaimed water); and (3) direct use of renewable surface water in place of non-renewable water supplies (groundwater).

**RESPONDENT:** Graham Symmonds

Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.36 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater pumped for each of the last five years.

**RESPONSE:** Regarding entities other than SCWC and PVUC, objection – information for other entities is not relevant and overbroad. Without waiver of this objection, Global states that information for other Global regulated utilities is available in the annual reports on file with the Arizona Corporation Commission for those utilities. With respect to SCWC, the following information is provided:

	Groundwater Pumped
Year	Volume
2002	371,455,000
2003	629,670,000
2004	743,955,000
2005	1,097,003,000
2006 (to date)	1,289,277,000

Note: Dollar amount not applicable to pumped volumes.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

Objection provided by Legal Counsel for Global



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.37 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater sold for each of the last five years.

**RESPONSE:** Regarding entities other than SCWC and PVUC, objection – information for other entities is not relevant and overbroad. Without waiver of this objection, Global states that information for other Global regulated utilities is available in the annual reports on file with the Arizona Corporation Commission for those utilities. With respect to SCWC, the following information is provided:

Year	Groundwater Sold	
	Volume	Revenue
2002	90,246,000	\$ 429,375
2003	592,875,000	\$ 921,368
2004	718,710,000	\$ 2,048,708
2005	988,653,000	\$ 3,928,062
2006	1,219,052,237	\$4,772,433

Water revenue includes water usage, basic meter charges, establishment fees, and reconnection fees.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

Objection provided by Legal Counsel for Global

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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.38 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater pumped per customer for each of the last five years.

**RESPONSE:** Regarding entities other than SCWC and PVUC, objection – information for other entities is not relevant and overbroad. Without waiver of this objection, Global states that information for other Global regulated utilities is available in the annual reports on file with the Arizona Corporation Commission for those utilities. With respect to SCWC, the following information is provided:

Year	Groundwater Pumped	
	Volume	Customers at end of period
2002	371,455,000	885
2003	629,670,000	1679
2004	743,955,000	4305
2005	1,097,003,000	9665
2006	1,289,277,000	11971

Note: Dollar amount not applicable to pumped.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

Objection provided by Legal Counsel for Global

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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.39 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide the quantity and dollar amount of groundwater sold per customer for each of the last five years.

**RESPONSE:** Regarding entities other than SCWC and PVUC, objection – information for other entities is not relevant and overbroad. Without waiver of this objection, Global states that information for other Global regulated utilities is available in the annual reports on file with the Arizona Corporation Commission for those utilities. With respect to SCWC, the following information is provided:

Year	Groundwater Sold		Customers at end of period
	Volume	Revenue	
2002	90,246,000	\$ 429,375	885
2003	592,875,000	\$ 921,368	1679
2004	718,710,000	\$ 2,048,708	4305
2005	988,653,000	\$ 3,928,062	9665
2006 to date	1,219,052,237	\$ 4,772,433	11971

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

Objection provided by Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.40 For each well operated by SCWC, PVUC or any of the Global Entities, provide a copy of all well data for the last five years, including the pumping rate, the amount pumped, and the static and pumping level of water in the well.

**RESPONSE:** This data is available from ACC Annual Reports and ADWR Annual Reports.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.41 Provide a copy of all hydrology reports or hydrological information in the possession of SCWC, PVUC or any of the Global Entities concerning SCWC's requested extension area.

**RESPONSE:** Objection. This request seeks out reports that are proprietary in nature and are confidential. To the extent that documents are released to the public, those versions are available through applications made at ADWR and ADEQ.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.42 Provide all projections in the possession of SCWC, PVUC or any of the Global Entities regarding likely water usage in SCWC's requested extension area for the next five years. Explain the source of all data used in the projection(s) and identify all assumptions used in developing the projection(s).

**RESPONSE:** Such projections are included in SCWC and PVUC's extension application.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.43 For each system owned or operated by SCWC, PVUC or any of the  
Global Entities, provide the quantity and dollar amount of water sold for  
each of the last five years.

**RESPONSE:** See response to AWC 1.37.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.44 For each system owned or operated by SCWC, PVUC or any of the Global Entities, provide a "water use data sheet" (in the format typically used by Staff) showing the most recent 12 months for which data is available.

**RESPONSE:** Regarding entities other than SCWC and PVUC, objection – information for other entities is not relevant and overbroad. Without waiver of this objection, Global states that information for other Global regulated utilities is available in the annual reports on file with the Arizona Corporation Commission for those utilities. With respect to SCWC, the following information is provided:



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

NAME OF COMPANY	Santa Cruz Water Company
ADEQ Public Water System No.	11-131

Month/Year (Most Recent 13 Months)	Number of Customers	Gallons Sold (Thousands) <sup>2</sup>	Gallons Pumped <sup>2</sup>	Gallons Purchased
Feb-05	4,600	27,052	23,642	0
Mar-05	4,885	31,409	46,764	0
Apr-05	5,150	72,526	82,439	0
May-05	5,465	100,583	106,315	0
Jun-05	5,879	107,298	132,840	0
Jul-05	6,693	139,127	150,985	0
Aug-05	7,266	127,768	114,352	0
Sep-05	8,176	168,282	113,455	0
Oct-05	8,991	117,403	112,904	0
Nov-05	9,434	120,486	102,802	0
Dec-05	9,658	69,773	84,188	0
Jan-06	9,970	77,589	89,363	0
Feb-06	10,130	85,770	111,582 <sup>3</sup>	0
Mar-06	10,609	75,921	83,665	0

<sup>2</sup> - Includes GC water but excludes any reclaimed water, raw water for irrigation impoundment filling or construction etc  
<sup>3</sup> - Includes 28.5 Mgal used to test/flush wells

Storage Tank Capacity	Number of Each	ADWR Well ID number	Well Production (Gallons per Minute)
1.5 Mgal	2	55-612737 - Smith	1070
0.5 Mgal	2	55-617336 - Vance	1965
		55-621410 - Porter <sup>@</sup>	1000
		55-621408 - Neely East	2000
		55-621407 - Neely West	1980
		55-621406 - Neely North	2000
		55-801069 - Cobblestone <sup>@</sup>	1280
		55-624037 - Glenwide #1 <sup>**</sup>	1380
		55-608941 - Rancho Mirage #1 <sup>**</sup>	2800
		55-622132 - Maricopa Meadows <sup>@</sup>	1400
		55-612741 - Maricopa Groves <sup>@</sup>	1200

Other Water Sources in Gallons per Minute \_\_\_\_\_ 0 GPM  
 Fire Hydrants on System \_\_\_\_\_ Yes No  
 Total Water Pumped Last 13 Months (Gallons in Thousands) \_\_\_\_\_ 1,355,296

\*\* - Undergoing Rehabilitation  
 @ - Non-potable use only  
 \* - not operational

RESPONDENT: Graham Symmonds  
 Senior Vice President  
 Global Water Management, LLC  
 21410 North 19<sup>th</sup> Avenue, Suite 201  
 Phoenix, Arizona 85027

Objection provided by Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.45     Provide any Physical Availability Determination, or Assured Water Supply documents (analysis, certificate or designation) concerning SCWC's requested extension area.

**RESPONSE:**     A modification to SCWC's Designation of Assured Water Supply for the requested extension area has yet to be submitted. The SCWC's current Designation of Assured Water Supply is attached.

**RESPONDENT:**     Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.46 Does SCWC plan to obtain a Designation of Assured Water Supply applicable to the requested extension area? If the answer is no, explain how SCWC will obtain Certificates of Assured Water Supply applicable to SCWC's requested extension area.

**RESPONSE:** Yes.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.47 Provide all engineering designs, plans, reports and such documents for SCWC's proposed extension area that are in the possession of SCWC, PVUC or any of Global Entities.

**RESPONSE:** Engineering plans are currently being developed for submittal to regulatory agencies for approval.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.48 Provide the financial statements of SCWC, PVUC and each of the Global Entities, for each of the last three years.

**RESPONSE:** With respect to entities other than SCWC and PVUC, objection – this question is not relevant or reasonably calculated to lead to the discovery of relevant or admissible evidence and is also overbroad. Without waiver of this objection, the ACC Annual Reports for all of Global's regulated utilities are on file with the ACC from inception to December 31, 2005 and are available to the public.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.49 For each of the last three years, provide the reports provided by SCWC, PVUC, or any of the Global Entities under A.A.C. R14-2-805.

**RESPONSE:** No such reports have been provided because none of the Global Entities are "Class A" utilities, and they are therefore not required to file such reports. In addition, we note that AWC has refused to provide its R14-2-805 reports to Global.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.50     Indicate the sources of equity available to SCWC, PVUC or any of  
the Global Entities.

**RESPONSE:** 100% of the equity provided to SCWC and PVUC and all regulated  
entities owned by Global Water are provided by the parents of such  
entities.

**RESPONDENT:**     Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.51 Provide a schedule showing all equity provided to SCWC, PVUC or any of the Global Entities by shareholders or others in the last five years.

**RESPONSE:** See response to AWC 1.48 and 1.50.

**RESPONDENT:** Cindy Liles



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.52 Identify, describe and provide the amounts of any contributions to equity capital of SCWC, PVUC or any of the Global Entities that originated or derived from any ICFA.

**RESPONSE:** This question misstates the nature and uses of ICFA funds. Correct information concerning ICFAs are available in Global's filings in Arizona Corporation Commission Dockets Nos. W-00000C-06-0149 and W-01445A-06-0200 et al.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.53      Provide details about all lines of credit and/or letters of credit usable by SCWC, PVUC or any of the Global Entities, including interest rate, lender and amount that can be borrowed, as well as the amount owed under the line of credit and/or letter of credit for each of the last twelve months.

**RESPONSE:** The regulated entities, SCWC and PVUC, do not utilize debt at the time of this writing. The information requested for entities other than regulated entities is irrelevant, overbroad, and not likely to lead to the discovery of admissible evidence and Global objects on those grounds.

**RESPONDENT:**      Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.54 Identify all sources of debt funding for SCWC, PVUC or any of the  
Global Entities, including the interest rate, lender and amount that can  
be borrowed.

**RESPONSE:** See AWC 1.53

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.55 For each of the last three years, provide the property tax statements of SCWC, PVUC and each of the Global Entities.

**RESPONSE:** This information is publicly-available through the appropriate local entities.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.56 Identify and provide copies of all performance bonds relating to  
or required of SCWC, PVUC or any of the Global Entities.

**RESPONSE:** There are no performance bonds in place for any Global Entity.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.57     Provide a list of all transactions or inter-company charges  
between SCWC, PVUC and any of the Global Entities for the last  
five years.

**RESPONSE:** AWC objected to an identical question. See AWC response to Global  
1.71. SCWC and PVUC will respond when AWC provides an answer  
to Global 1.71.

**RESPONDENT:**     Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.58 Provide the estimated number of customers in SCWC's and PVUC's requested extension area for each of the first five years of operations, and explain the basis for the estimates.

**RESPONSE:** This information is available in the application.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.59 Provide the estimated number of customers in SCWC's and  
PVUC's requested extension area at build-out, and explain the basis  
for the estimate.

**RESPONSE:** See response to AWC 1.58.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.60 Provide the estimated build-out date when all of SCWC's and  
PVUC's requested extension area will be built out, and explain the  
basis for that estimate.

**RESPONSE:** See response to AWC 1.58.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.61     Provide the estimated water usage per customer in SCWC's  
requested extension area after the first five years of operations and  
provide the basis for that estimate.

**RESPONSE:** See response to AWC 1.58.

**RESPONDENT:**     Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.62     Provide the estimated water usage per customer in SCWC's  
proposed extension area at build-out, and provide the basis for the  
estimate.

**RESPONSE:** See response to AWC 1.58.

**RESPONDENT:**     Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.63     Provide the estimated amount of groundwater pumped per customer in SCWC's requested extension area at build-out, and provide the basis for the estimate.

**RESPONSE:** SCWC estimates that the amount of groundwater pumped per customer in SCWC's requested extension area will be less than is pumped in SCWC's current service area. The triad of conservation requires focus on re-use, recharge and renewable sources. Each of these elements has a significant impact on the amount of groundwater that needs to be withdrawn for customer consumption.

Global is aggressively pursuing increased use of reclaimed water, including reclaimed water to homes and businesses, which it can be used for purposes such as irrigation and flush water. In addition, excess Class A+ reclaimed water will be recharged via vadose zone wells and direct injection wells. Finally, the completion of the surface water treatment facilities will provide an immediate source of surface water to offset any groundwater pumping.

Through these methods, SCWC expects substantial reductions in the amounts of groundwater pumped per customer compared to its current service in its current service territory. However, SCWC does not have a "point estimate" of the amount of groundwater pumped per customer.

**RESPONDENT:**     Graham Symmonds  
                         Senior Vice President  
                         Global Water Management, LLC  
                         21410 North 19<sup>th</sup> Avenue, Suite 201  
                         Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.64 Provide the number of acres in SCWC's and PVUC's requested extension area.

**RESPONSE:** The extension area is comprised of approximately 19,800 acres for SCWC and 26,000 acres for PVUC

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.65 Provide the number of acres in SCWC's and PVUC's requested extension area covered by requests for service specifically addressed to SCWC, PVUC or any of the Global Entities, list any requests for service not included in SCWC's and PVUC's Application, and provide a copy of any requests not included in SCWC's and PVUC's Application.

**RESPONSE:** The extension area is comprised of approximately 19,800 acres for SCWC and 26,000 acres for PVUC. SCWC and PVUC has received requests for service from **100%** of the landowners. All requests were included in the application.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.66 For SCWC, PVUC and each of the Global Entities, provide the names of each officer, and a brief description of their education and experience.

**RESPONSE:** Trevor Hill and Cindy Liles are the only officers of SCWC, PVUC, and the other regulated utilities as well as Global Water, Inc. and West Maricopa Combine, Inc. Trevor Hill is a registered Professional Engineer and has worked in the water sector for more than 15 years. Cindy Liles is a CPA and has 20 years experience in the operation and administration of large companies.

Trevor Hill, Bill Levine, Dan Cracchiolo, Leo Commandeur, Cindy Liles, Graham Symmonds and Andrew Cohn are members of Global Water Resources, LLC and Global Water Management, LLC. The officers and directors of Global Water Management, LLC are described below.

**Bill Levine**  
**Chairman of the Board**

Mr. Levine was one of the founders of Outdoor Systems, now known as Viacom Outdoor, an outdoor advertising / billboard firm. The company grew through acquisitions to become the largest outdoor advertising company in the nation. In December of 1999, Outdoor Systems was acquired by Infinity Broadcasting Corporation, which was subsequently acquired by Viacom. Mr. Levine is a significant stockholder of Viacom, owning in excess of 14 million shares of Viacom stock.

Mr. Levine is also the co-founder and majority owner of Allstate U Lok Storage Co., a chain of self storage / mini-warehouses totaling over one million square feet.

Mr. Levine has been a significant real estate developer, owner, operator and lender for many years. He has been involved in land development, master planning, office, industrial and commercial projects. He is currently involved in developing ten grocery-anchored shopping centers in the Phoenix Metro area.

Mr. Levine has been a resident of Phoenix for over forty years.

**Daniel Cracchiolo**  
**Member of the Board of Directors**

Raised in Arizona, Mr. Cracchiolo served as a 1st Lieutenant in the United States Air

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

Force from 1954 to 1956 after attending the University of Arizona where he received his Juris Doctorate in 1952. He was admitted to the Arizona State Bar in 1952 and was admitted to practice before the U.S. Supreme Court in 1957. From 1952 through 1954 and from 1956 to 1957 Mr. Cracchiolo served as Deputy County Attorney of Maricopa County, thereafter entering private practice and co-founding the firm of Burch & Cracchiolo in 1970.

Mr. Cracchiolo is a member of the Maricopa County and American Bar Associations, the State Bar of Arizona, Phoenix Association of Defense Counsel, American Board of Trial Advocates, American Judicature Society, International Association of Defense In America". He is a Regent of Brophy College Preparatory, a member of the Board and past President of COMPAS and serves as President and Director of the Steele Foundation, an organization dedicated to the support of charitable, religious, educational and scientific purposes.

Mr. Cracchiolo has been a resident of Arizona and in the water business through his family owned Bella Vista Water Co., in Sierra Vista for over 50 years.

**Trevor T. Hill, P.Eng**  
**President & CEO**  
**Member of the Board of Directors**

See Response to AWC 1.71

**Graham Symmonds, P.Eng**  
**Senior Vice President, Operations & Compliance**

See Response to AWC 1.71

**Cindy Liles, CPA**  
**Chief Financial Officer & Senior Vice President, Growth Management**

Ms. Liles was raised in Mississippi and graduated from Delta State University with a bachelors degree in accounting. Ms. Liles is a certified public accountant (CPA) and was employed by Holiday Inns Worldwide, headquartered in Memphis, Tennessee. Ms. Liles was asked to join the team assigned to structure the sale of Holiday Inns balance sheet to Bass, PLC in 1990 while brands Embassy Suites, Homewood Suites, Hampton Inns and Harrahs Casinos were spun off to form Promus Corporation.

Ms. Liles, as Manager of Accounting, hired the staff for the Bass, PLC offices in Atlanta, Georgia and provided consulting to Promus Corporation until 1994. For the



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

next six years, Ms. Liles was the Senior Vice President and Chief Accounting Officer for Mid-America Apartment Communities, an apartment real estate investment trust (REIT) headquartered in Memphis, TN trading on the New York Stock Exchange as MAA. Ms. Liles relocated to Phoenix, Arizona in 2001 to partner with the development company who formed Santa Cruz Water Company and Palo Verde Utilities Company.

Ms. Liles was CFO and General Manager of these companies which were formed to provide water and wastewater services to the fast growing area near Maricopa, AZ. Upon the acquisition by Global Water in 2004, Ms. Liles joined the team as CFO and VP Operations.

**Wesley Smith**  
**Vice President, Engineering and Construction**

See Response to AWC 1.71

**Leo Commandeur**  
**Vice President, Business Development**

Raised in Nelson, British Columbia, Mr. Commandeur attended Selkirk College and studied business. Mr. Commandeur then further studied accounting through the society of management accountants or CMA Association. Mr. Commandeur spent several years in public accounting practice then branched out into the private sector.

In 1991 Mr. Commandeur co-founded Visionary Solution Corporation an information technology company with offices in Seattle, Vancouver, Calgary, and Victoria. As the CFO and Director of the company Mr. Commandeur led the growth and strategic direction of the company. During 1996 the company was taken public on a Canadian Stock Exchange and eventually sold in 1998 to a Norwegian Public Company. In 1999 Mr. Commandeur joined Trevor Hill from Hill, Murray & Associates, a design-build firm specializing in the construction and operation of water reclamation facilities in British Columbia and the Canadian Arctic, and formed Cascadia Water Corporation to own and operate water and wastewater facilities in the Southwestern United States. In 2000, Mr. Commandeur co-founded Algonquin Water Resources of America, a division of the Algonquin Power Income Fund. In his role of Director of Business Development for AWRA, he was a member of the acquisition team, acquiring 6 utilities in 3 years and amassing 37,000 customers in Arizona and Texas. In 2003, Mr. Commandeur co-founded Global Water Resources, a company established to acquire regulated utilities in the Southwestern states. As V.P. Business Development of Global Water, Mr. Commandeur is responsible for acquisition activities of Global Water

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

Resources.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.67 For SCWC, PVUC and each of the Global Entities, provide the names of each member of the board of directors, and a brief description of their education and experience.

**RESPONSE:** See response to AWC 1.66.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.68 Describe the experience of SCWC's management in providing  
potable water service.

**RESPONSE:** See response to AWC 1.66.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.69 Describe the experience of SCWC's or PVUC's management in providing reclaimed water service.

**RESPONSE:** See response to AWC 1.66.

Additionally, Trevor Hill and Graham Symmonds have been working in the water sector since the early 1990's. During the past 15 years both have been involved in readying regulation, reviewing and implementing code and permits as it relates to dual water mains, building and operating water reclamation facilities, designing reclaimed water distribution systems and deploying these philosophies into the regulated utilities Global Water owns in Arizona.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.70 Describe the experience of PVUC's management in providing  
wastewater service.

**RESPONSE:** See response to AWC 1.66 and AWC 1.69.

**RESPONDENT:** Trevor Hill  
President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.71 Provide a list of all engineers employed by SCWC, PVUC and each of the Global Entities, and a brief description of their education and experience, including whether the engineer hold an Arizona professional engineer registration, the registration type and number.

**RESPONSE:** Global employs the following engineers:

**Trevor Hill, President & CEO**

Mr. Hill graduated from Royal Roads Military College with a bachelor of Engineering in Mechanical Engineering in 1987. Mr. Hill attended the Royal Naval Engineering College in Plymouth England where he completed his post-graduate studies in 1988. He served with Canadian Navy as an Engineering officer retiring in 1994 after serving as Deputy Engineering officer in HMCS Huron in the Gulf War 1991. Following this operational experience, Mr. Hill was the Naval Engineering Unit Pacific Marine Systems Engineering Officer, responsible for the technical readiness of Canada's west coast fleet.

In 1994 Mr. Hill co-founded Hill, Murray & Associates, a design-build firm specializing in the construction and operation of water reclamation facilities in British Columbia and the Canadian arctic. In 2000, Mr. Hill co-founded Algonquin Water Resources of America, a division of the Algonquin Power Income Fund. In his role of Director of Operations for AWRA, he led the acquisition team, acquiring 6 utilities in 3 years and amassing 37,000 customers in Arizona and Texas. In 2003, Mr. Hill co-founded Global Water Resources, a company established to acquire regulated utilities in the Southwestern states. As President & CEO of Global Water, Mr. Hill is responsible for acquisition activities and the overall operations of Global Water Resources.

**PROFESSIONAL AFFILIATIONS**

Association of Professional Engineers and Geoscientists of British Columbia

**AWARDS AND HONORS**

- 1999 - Top 40 Under 40 Award, Business in Vancouver
- 1998 - ZENON Merit Award for Design
- 1998 - Finalist, Entrepreneur of the Year Award, Pacific Region, Canada
- 1997 - BC Ministry of Environment, Lands and Parks, Minister's Environmental Award, Business/Industry Category
- 1997 - Nominated, Entrepreneur of the Year Award, Pacific Region, Canada
- 1996 - ZENON Merit Award for Design
- 1991 - Awarded Gulf Kuwait Medal (Gulf War 1991)

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

**Graham Symmonds, SVP Operations & Compliance**

Mr. Symmonds graduated from University of Toronto with a Bachelors of Applied Science in Mechanical Engineering. In 1986, he joined the Canadian Navy and was posted to a variety of training and operational units, including post-graduate studies at the Royal Naval Engineering College in Plymouth, serving as Deputy Engineering Officer for HMCS ANNAPOLIS from 1989 to 1991, and finally being selected as the Equipment Health Monitoring Officer for the Naval Engineering Unit Pacific, where he was responsible for condition-based maintenance assessments for all equipment in west coast ships, as well as performing pre- and post-refit trials.

In 1995, Mr. Symmonds joined Hill, Murray & Associates as a partner and Director of Operations. During his time at Hill-Murray, Mr. Symmonds became a leading expert in the application, deployment and operation of membrane-bioreactor technologies. Mr. Symmonds developed the integrated control suite known as enviroSMART (Systems Monitoring and Remote Telemetry) which allowed for unmanned operations of water reclamation facilities, and second and third order condition assessments.

In 2001, Mr. Symmonds joined Algonquin Water Resources of America as Director of Operations, responsible for the day-to-day operation of AWRA's utilities, including regulatory filings, growth management, plant operations and capital project planning and execution.

In 2003, Mr. Symmonds joined Global Water Resources as the Senior Vice President of Operations & Compliance.

**PROFESSIONAL AFFILIATIONS**

Association of Professional Engineers and Geoscientists of British Columbia (Lic # 20642)

**Wesley Smith, Vice President Engineering & Construction**

Mr. Smith graduated in 1989 with a Bachelor of Science in Engineering from the Colorado School of Mines. He began his engineering career with Perini Corporation, constructing the Central Artery (The Big Dig) and Deer Island projects in Boston. In addition, he acted as senior tunnel engineer for the Tunnel and Reservoir Program (TARP) in Chicago. In 1994, he joined Western Summit Constructors in 1994, and commenced work on the Southern Nevada Water Authority's (SNWA) facilities improvement project – a series of infrastructure projects associated with the expansion of the SNWA water treatment and distribution system in Las Vegas. In 1997 he accepted a project management position with MMC, Inc., a Nevada general construction firm specializing in water/wastewater construction. He was promoted to Operations Manager in 2001, and in 2003 assumed the role of General Manager, overseeing \$100 million dollars per year in public works projects in both Nevada and Arizona.



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

Mr. Smith joined Global Water in 2004 and was promoted to VP Engineering and Construction in 2005, where he now oversees Global's CAPEX program – including project definition, budgeting, approvals, construction and commissioning.

**Scott Lee, PE - Engineering Manager**

Mr. Lee is the Engineering Manager for Global Water responsible for master planning activities, development and deployment of engineering and construction standards and for plan reviews. Mr. Lee is responsible to ensuring adequate capacity is available at each phase of development and works closely with developers to ensure construction of facilities meets the development timeline.

Mr. Lee is leading the development of standards to expand the deployment of reclaimed water within the Global service areas.

Mr. Lee graduated from Arizona State University and previously has worked in the consulting field in Arizona, Iowa and Minnesota.

**PROFESSIONAL AFFILIATIONS**

Arizona Board of Technical Registration (Lic # 41202)

**Robin Bain, PE - Permitting Manager**

Ms. Bain has over 26 years of experience in engineering project and program management, most of which has been in municipal public works and utilities. She currently serves as the Global Water Permitting Manager, responsible for the acquisition of all permits required to develop and enable service areas. Ms. Bain was formerly employed as the Baker Phoenix Office/Operations Manager, and as such she was responsible for a 70+ person multi-discipline engineering and architecture office, serving local, State, Federal, utility and private clients. Ms. Bain is a former Plant Operations and Maintenance Manager at Clark County Water Reclamation District, Las Vegas, NV; Deputy Public Works Director in Springfield, MA; and Deputy Director, Line Maintenance Division, Fairfax County, VA.

Ms. Bain is a certified Wastewater Operator and registered Professional Engineer in numerous states. She is currently on the Board of Arizona Water Pollution Control Association, formerly served on the Board of the Arizona Floodplain Managers Association, and is a past president of the Nevada Water Environment Association. She has also previously served as the Publications Committee Chair for the Water Environment Federation, on the Engineering Advisory Council for the University of Nevada at Las Vegas, the Las Vegas Wash Coordination Committee, and the Nevada Board of Technical Registration for Engineers and Land Surveyors. Ms. Bain also

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

serves on the Arizona Public Works Association annual conference committee, now in her sixth year.

Ms. Bain holds an M.S., Environmental Engineering from Virginia Tech (1987) and a B.S., Civil Engineering from Virginia Tech (1980). She is a registered Professional Engineer in Arizona, Nevada, Massachusetts, and Virginia. She also holds a Diplomate of Environmental Engineering designation.

**PROFESSIONAL AFFILIATIONS**

Arizona Board of Technical Registration, Civil Engineer, (Lic # 36797)  
Registered Professional Engineer, Civil, Virginia  
Registered Professional Engineer, Civil, Nevada  
Registered Professional Engineer, Civil, Massachusetts  
Class 4 Wastewater Treatment (AZ)  
Class 5 Wastewater Treatment (NV)  
Class 1 (highest level) Wastewater Treatment (VA)

**Joel Wade, Process Engineering Manager**

Mr. Wade has a Masters of Business Administration (1999), and a Bachelor of Science, Civil Engineering, from Southern Illinois University (1991). He also holds the following certifications:

- Class 1, 2, 3, 4 Wastewater operator (IL)
- Class A, B, C, D Water operator (IL)
- Class 4 Wastewater Collection (AZ)
- Class 4 Water Distribution (AZ)
- Class 4 Wastewater Treatment (AZ)
- Class 4 Water Treatment (AZ)

Mr. Wade is currently the Process Engineering Manager for Global Water. He is responsible for executing process designs for water and wastewater systems to meet the needs of Global utilities. Formerly, Mr. Wade was employed as the Manager of Engineering and Construction for Algonquin Water Services. His experience in the design, development, operation and management of water and wastewater utilities spans over 24-years, including 13-years in the privatization, contract operations area. His diverse background as facility manager, designer and technical consultant has led to the successful start-up and procurement of nine (9) treatment facilities, ranging from 0.250 to 180 MGD, as well as consulting service to twenty-five individual facilities including project engineering, planning and investigation, civil design, technical research, development, and efficiency evaluation. Mr. Wade was instrumental in the design, construction and start-up of the first wastewater membrane treatment facility in the state of Arizona. Recent projects include; simultaneous start-up of two 0.500 mgd reverse

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

osmosis wellhead treatment units and one 0.650 mgd ion exchange resin wellhead treatment units (City of Goodyear AZ, 6/03), start-up of a 1.9 MGD Water Reclamation Facility in Gold Canyon Arizona (10/05) as well as current construction of the largest arsenic treatment facility (5.0 MGD) in the state of Arizona.

**RESPONDENT:** Graham Symmonds

Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.72 Provide a list of all certified operators employed by or under contract to SCWC, PVUC and each of the Global Entities, and identify the areas in which they are certified.

**RESPONSE:** The following are certified operators employed by Global Water Management, LLC:

	Operator Name	Certification Number	Expires	WT	WWT	Dist	Coll
<b>Southern Division</b>							
1	Ismael Barba	12156	31-Mar-07		2		
2	Jeff Lemley	20649	31-May-08	1	3	2	1
3	Eloy Garcia						
4	Don Wachter	22757	30-Jun-06	2			
5	Dean Ureneck						
6	Alberto Huitron Jr.						
7	Manuel Molina	23232	31-Mar-09		4		
<b>Northern Division</b>							
7	Dave McLeod	05669	30-Jun-08	3	2	3	2
8	Jay George	03530	30-Nov-08	3		3	
9	Rick Davis						
10	Fernando Espinoza						
11	Dave Adams						
12	George J. Lennon	20650	31-May-09	3			
13	Gustavo Picano						
14	Filimone Macedo						
<b>Western Division</b>							
15	Robert Garcia	03993	30-Jun-08	4	4	4	4
16	Jamaine Berry	21621	31-Jul-09			2	
17	Blain Harold	09133	28-Feb-09	2		4	
18	Gregory Guy	23129	28-Feb-09	1	2	1	2
19	Jarvis Gale	23128	28-Feb-09	1		1	
20	Jubal Whitlock	25128	31-Jul-09	1		1	
21	Roger Ward	23348	31-May-09	1		1	
22	James Lettermen	25180	31-Jul-09			1	
<b>Bullhead City</b>							
23							
24	Scott Hooper	21278	31-Dec-08	1	1	1	1
25	Buddy Anderson						
<b>Maintenance</b>							
25	James Creaghe	21852	31-Mar-08	1	4	2	
<b>CSR/Inspector</b>							
26	Paul Hagert	22647	30-Apr-08				1
27	Dann Posastiuc	22655	30-Apr-08			1	

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

<b>Compliance</b>							
28	Susan Armijo	20448	31-Oct-07	1	1		
29	Tammy Maher	23282	30-Apr-09	1	2	2	1
	Shawneen						
30	Michaud	22374	30-Sep-08	3		1	
31	Robyn Wymer	23139	28-Feb-09	1		1	
<b>Engineering &amp; Permitting</b>							
32	Robin Bain	20397	30-Sep-07		4		
33	Joel Wade	06327	31-Aug-08	4	4	4	4
<b>Education</b>							
6	Greg Frech	6981	30-May-07	4	4	4	4

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.73 Identify and describe all common or shared facilities that SCWC, PVUC, or any of the Global Entities will use to provide water, wastewater and reclaimed water services in the requested extension area.

**RESPONSE:** PVUC and SCWC share administrative space, customer service facilities, operations control facilities, communication networks etc.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.74 Identify and describe all common or shared employees or independent contractors that SCWC, PVUC or any of the Global Entities will use to provide water, wastewater and reclaimed water services in the requested extension area.

**RESPONSE:** SCWC and PVUC have no employees. Operations and management services are performed under contract by Global Water Management, LLC.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.75 Does SCWC or PVUC share information about their customers with other entities, including any of the Global Entities? If yes, describe the shared information and any contractual requirements regarding the safeguarding of that information and restrictions on the use of that information.

**RESPONSE:** Customer Service information is shared between SCWC and PVUC. Global does not provide customer information to any outside agency.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.76 If the answer to AWC 1.75 is yes, provide a copy of any  
Commission order authorizing sharing of customer information.

**RESPONSE:** The Commission was aware of the integrated nature of PVUC and  
SCWC when it approved their original and subsequent CC&N orders.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.77 Does SCWC, PVUC or any of the Global Entities have a Commission-approved tariff or other authority that permits or authorizes in any way the disconnection of water service for a SCWC customer for non-payment of wastewater bills from PVUC or any other public service corporation? If so, describe and provide a copy of any such tariff or authority.

**RESPONSE:** The tariffs of the Global Entities are available at the offices of the Arizona Corporation Commission, 1200 West Washington, Phoenix Arizona. Ask for Lori Miller, Tariff Administrator.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.78     Provide a copy of all communications between SCWC, PVUC and any other entity, including the Global Entities, concerning the provision of water, wastewater or reclaims water service to SCWC's and PVUC's proposed extension area.

**RESPONSE:** SCWC and PVUC object to the extent this request seeks proprietary business information that is confidential and/or work product prepared in anticipation of litigation. SCWC and PVUC also object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters.

**RESPONDENT:**     Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.79     Provide the CAP allocation of SCWC and each Global Entity, the date the allocation was obtained, and the quantity of treated and untreated CAP water sold to customers by each affiliate for the last 5 years.

**RESPONSE:** SCWC does not currently have a CAP allocation. For entities other than SCWC, objection – the requested information is not relevant nor is it reasonably calculated to lead to the discovery of relevant or admissible evidence and is overbroad. Without waiver of this objection, Global notes that Cave Creek Water Company provides a substantial amount of treated CAP water. For further information, see the ACC annual reports for Cave Creek Water Company. Global is completing the construction of the Hassayampa River Recharge Project which was acquired as part of West Maricopa Combine. This project will allow for Central Arizona Project (“CAP”) water to flow into the Hassayampa River as soon as the first quarter of 2007. Water would enter the Hassayampa River at an approximate rate of 3,000 acre-feet per month. This recharge facility is also part of a managed underground storage facility to recharge 25,000 acre-feet per year of Colorado River water from the CAP aqueduct over a twenty-year period. A copy of the approval from the Arizona Department of Water Resources (“ADWR”) for the storage facility is on file with ADWR.

**RESPONDENT:**     Graham Symmonds

Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

Objection provided by Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.80     Provide a copy of the Modification of the Designation of Assured Water Supply referred to in the April 6, 2006 response to Staff's insufficiency letter dated February 8, 2006.

**RESPONSE:** See attached.

**RESPONDENT:**     Graham Symmonds  
                         Senior Vice President  
                         Global Water Management, LLC  
                         21410 North 19<sup>th</sup> Avenue, Suite 201  
                         Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.81 Provide a copy of all inter-company agreements involving SCWC,  
PVUC or any Global Entity to purchase or sell effluent.

**RESPONSE:** Not applicable.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.82 Provide the annual cost (total and unit) to produce A+ reclaimed water for each regulated wastewater affiliate or any Global Entity for each of the last five years.

**RESPONSE:** Financial information regarding PVUC's operation is available in the ACC Annual reports. PVUC is the only Global Entity currently producing reclaimed water.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.83 Provide the quantity of reclaimed water accepted in storage impoundments for reuse for each development in PVUC's northern service area for each of the last five years.

**RESPONSE:**

RECLAIMED WATER DELIVERIES	2004	2005	2006 (END Sep)
Water Delivered to Provinces Lake	13,630,647	75,059,697	44,027,073
Water Delivered to Villages Lake		-	21,046,533
Water Delivered to Cobblestone Lake		-	57,639,447
Water Delivered to Glennwilde Lake		2,356,371	46,396,830
Water Delivered to Province Const Pond		39,736,733	30,394,862
Water Delivered to RED Phase III Const Pond		-	7,254,908

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.84 Provide the quantity of reclaimed water sold to residential customers for the last five years by PVUC or any of the Global Entities.

**RESPONSE:** For entities other than SCWC, objection – the requested information is not relevant nor is it reasonably calculated to lead to the discovery of relevant or admissible evidence and is overbroad. Regarding SCWC, none. However, the Global Entities are actively planning to provide pressurized reclaimed water service to residential customers in new service territories as part of Global's Triad of Conservation strategy. Global anticipates deploying this service to new developments in 2008.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.85 List all sources of non-CAP surface water of SCWC, PVUC and each of the Global Entities and provide the quantity of each source available for 2007-2011, by year.

**RESPONSE:** Currently SCWC will provide CAP water service through excess M&I agreements with CAP.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.86 Provide a copy of the regional plan "supported by Pinal County, the City of Maricopa and the City of Casa Grande" referred to in the April 6, 2006 response to Staff's insufficiency letter dated February 8, 2006.

**RESPONSE:** See response to AWC 1.21.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.87 Provide a list of each regulated water affiliates' current employees showing, for each employee, the employee's job title, year hired by affiliate, years of experience with other water utilities, certifications by level, degrees, professional certifications and state licenses.

**RESPONSE:** See responses to AWC 1.71 and 1.72.

**RESPONDENT:** Graham Symmonds Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

SANTA CRUZ WATER COMPANY  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.88     Provide the authorized return on rate base for each regulated affiliate, including the Docket Number, Decision and date the return was authorized.

**RESPONSE:** SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters, as to other regulated affiliates besides SCWC and PVUC. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available through a Commission decision, AWC can retrieve that information through the Commission's docket control office.

**RESPONDENT:**     Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.89 List any regulated water affiliate that earned more than its authorized return in any of the last three calendar years, and for each such affiliate, if any, provide the amount and percentage of such earning by year.

**RESPONSE:** SCWC and PVUC object to this request to the extent it requests information for other Global Entities, as being overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is proprietary business information and is confidential. Moreover, the term "authorized return" is not understood outside the context of a test year in a rate case. Without waiver of this objection, SCWC and PVUC state that financial statements for each regulated affiliate is on file with the ACC.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.90 For each regulated affiliate, provide the operating income, calculated rate base and realized return for each of the last three calendar years.

**RESPONSE:** See response to AWC 1.89.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.91 Provide an itemized description and calculation of the amounts of the annual savings each of the regulated Global Entities have realized by operating as an integrated water and sewer provider for each of the last three years.

**RESPONSE:** See Response to Staff Data Request LJ1.1. A copy of this response is provided in response to AWC 1.24.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.92     Provide a copy of all inter-company agreements between SCWC, PVUC and any of the Global Entities covering the provision of integrated services between regulated affiliates, including existing common or shared services (such as any type of management services, financing, employee sharing), and cooperative maintenance or operations agreements, that enable greater efficiency and cost savings to the integrated regulated utilities, and provide the Decision number and a copy of the relevant portion of the Decision authorizing the shared service and accounting requirements.

**RESPONSE:** Global Water Management, LLC ("GWM") provides services to Global's regulated utilities at reasonable market-based prices. GWM also serves non-Global utilities. For example, GWM provides billing services to Buckeye and Cave Creek for wastewater. GWM also operates recharge facilities for third parties. Global is in the process of finalizing a management agreement between GWM, Global Water Resources, LLC, and the regulated utilities. Accounting and ratemaking issues will be addressed in a future rate case.

**RESPONDENT:**     Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.93 For each of the last three years, provide the total costs of each common or shared service referred to in AWC 1.92 or AWC 1.93 above. For each common or shared service provide the amount and percentage of total costs allocated to each regulated affiliate and the basis of each cost allocation.

**RESPONSE:** There are no "shared" or "common" services as AWC uses these terms because the services are not provided at the regulated utility level (or, indeed, by any of their parent companies). Instead, services are provided by in separate entity – GWM. See AWC 1.91 and 1.92. GWM also serves non-Global utilities. For GWM's attenuated relationship to Global Water Resources, LLC, see the **attachment** to our response to AWC 1.23.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.94 Identify the source of water supply and storage that SCWC, its affiliates or holding companies will use to meet the water demands in the area that SCWC is seeking to add to its certificated area in this case.

**RESPONSE:** Please refer to the Application.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.95     Provide copies of all approvals to construct a water system that SCWC or any of the Global Entities has received from the Arizona Department of Environmental Quality to serve, or help to serve the area that SCWC is seeking to add to its certificated area in this case.

**RESPONSE:** ATC for infrastructure has yet to be applied for.

**RESPONDENT:**     Graham Symmonds  
                         Senior Vice President  
                         Global Water Management, LLC  
                         21410 North 19<sup>th</sup> Avenue, Suite 201  
                         Phoenix, Arizona 85027

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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.96     What is estimated cost of all facilities currently believed necessary for arsenic treatment and removal in the area that SCWC seeks to add to its certificated area in this case?

**RESPONSE:** Treatment methodologies are discussed in Exhibit 6 to the Application. Current review of available data indicates sufficient water of good enough quality to execute a blending plan operation if required.

**RESPONDENT:**     Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.97 Is the estimated cost in AWC 1.96, above, reflected in SCWC's proposed rates for serving the area it seeks to add to its certificated area in this case? If not, what impact does SCWC estimate that estimated cost will have on SCWC's proposed rates?

**RESPONSE:** SCWC is not proposing any modification to its current rates, nor is SCWC currently planning to file a rate case. SCWC believes its current rates are just and reasonable. Because no rate cases are planned, there will be no modification to rates in the foreseeable future, and thus there will be no impact on rates.

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Senior Vice President  
Global Water Management, LLC  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.98 Summarize all plans by SCWC or any of the Global Entities for the treatment and removal of arsenic from the water SCWC plans to serve the area that SCWC seeks to add to its certificated area in this case.

**RESPONSE:** Please refer to the application.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.99     Provide a current list of regulated water or wastewater utilities owned in whole or in part by any of the Global Entities, and provide a current CCN map for each entity.

**RESPONSE:** The regulated utilities owned by Global are shown in Exhibit A to the response to AWC 1.23. Their CC&N maps are on file with the Arizona Corporation Commission, 1200 West Washington, Phoenix Arizona. Ask for Barb Wells, Mapping Technician.

**RESPONDENT:**     Legal Counsel for Global



SANTA CRUZ WATER COMPANY  
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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.100 For any ownership interest identified in response to AWC 1.99 that was originally acquired or increased in the last five years, include without limitation the type of each acquisition, the date and description of each individual transaction, the purchaser, the amount paid, and the percentage of entity owned as of October 1, 2006. Please describe the source of funds for each acquisition and provide a descriptive copy of all journal entries related to each purchase.

**RESPONSE:** Objection. This request seeks information that is overly broad, unduly burdensome, irrelevant and not reasonably calculated to lead to the discovery of any admissible evidence. Further, the information sought is proprietary business information that is confidential.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.101 For each ICFA, list the payments that have been received by date and the remaining estimated payments that are required. Describe the accounting for ICFA payments, all specific limitations on the use of ICFA funds, permissible uses and the amount expended, disbursed or invested by year, type of use and receiving payee/affiliate. Provide the descriptive journal entries used by any affiliate to record payment or any transfers of ICFA funds to the affiliate.

**RESPONSE:** See Responses to AWC 1.1 and 1.7

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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RESPONSES TO ARIZONA WATER COMPANY'S  
FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.102 Provide a descriptive list of all capital transactions including the date and amount for the last 5 years between all Global entities not previously described in response to AWC 1.100.

**RESPONSE:** Same objection as in AWC 1.100.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.103 Identify all new developments of 100 or more homes at build out that have received water or wastewater from a Global Entity in the last three years, or will likely receive service in the next two years based on the utility facilities that are currently under construction. For each such development, identify the cost and type of infrastructure facilities needed to serve the development, the dollar amount financed by a regulated affiliate and the amount financed by the developer. For developer financing, indicate the amount provided through an ICFA, the amount provided through an approved ACC main extension agreement (including the agreement number) and amount provided through other means.

**RESPONSE:** SCWC and PVUC object to this question because it is overly broad and unduly burdensome. In addition, with respect to entities other than SCWC and PVUC, the question is not relevant nor is it reasonably calculated to lead to the discovery of relevant evidence.

**RESPONDENT:** Legal Counsel for Global

SANTA CRUZ WATER COMPANY  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.104 For each development described in AWC 1.103, identify the cost and type of distribution facilities needed to serve the development, the dollar amount financed by a regulated affiliate and the amount financed by the developer. For developer financing, indicate the amount provided through an ICFA, the amount provided through an approved ACC main extension agreement (including the agreement number) and the amount provided through any other means.

**RESPONSE:** Same objection as in AWC 1.103.

**RESPONDENT:** Legal Counsel for Global

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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.105 Explain what is required of developers to demonstrate compliance with the requirement referred to in PVUC's response "Developers are required by PVUC to make provisions with storage impoundments to accept reclaimed water for reuse . . ." (April 6, 2006 response to Staff's February 8, 2006 letter).

**RESPONSE:** Developers are required to abide by Global's codes of practice as part of their main extension agreements. Global's codes of practice require developers to build integrated irrigation impoundments to accept reclaimed water for re-use. Generally, one impoundment per section is required. The impoundment is then connected to pumps and reclaimed water pipes which distribute the reclaimed water to the points of use. The impoundments and related facilities are owned by the developer (generally, ownership is eventually transferred to a homeowner's association).

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.106 Provide an accounting of the uses of reclaimed water by type of use including but not limited to irrigation, recharge, and evaporation for each of the last five years.

**RESPONSE:** Global does not have knowledge of the exact percentage of uses that its customers have for reclaimed water. Once reclaimed water is delivered to the integrated irrigation impoundment, the ownership of the reclaimed water is transferred to the developer or homeowners' association. Current users of reclaimed water often use the reclaimed water for irrigation purposes.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.107 With respect to the provisions with storage impoundments required of developers, provide an accounting of the costs of these storage impoundments and the source of the funds used to construct or purchase/lease these storage impoundments.

**RESPONSE:** The costs associated with the construction of the storage impoundments are borne by the developer. PVUC delivers reclaimed water to the storage impoundment. The developer pumps from the storage impoundment to irrigate HOA areas. The costs of the storage impoundment and pump station is in lieu of the purchase of irrigation meters and potable water by the developer. PVUC does not purchase/lease these storage impoundments.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
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FIRST SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
October 24, 2006

AWC 1.108 State which entity or entities recorded the costs associated with the construction of the storage impoundments for accounting purposes, whether PVUC, another Global Entity, or the developer.

**RESPONSE:** See response to AWC 1.107.

**RESPONDENT:** Cindy Liles  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

ATTACHMENT

AWC 1-1

Application Approved  
Application Pending with ACC  
Application to be Submitted

[illegible]

.....

Patron	Exposition	Approved ticket	NVO Ser 30	Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings
Wesley			NVO Ser 30	Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings
Neely-Rosen			NVO Ser 30	Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings
McNair-Rosen			NVO Ser 30	Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings
Commercial			NVO Ser 31	Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings
Shea-Holmes				Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings
Hyland				Clay	Link	Smith	Jones	Crabfield	Telephone	Email	and/or	In-house	meetings

## September-06

Application Pending with ACC

Builder/Owner	Development	Phase	Partial	Date	Rec. Excluded	OW Contact	Landowner/Developer	Units
<b>PAJO VERDES/Santa Cruz</b>								
Shear Homes	Revere Stage 1	2+		7/17/2004	2004-006870	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	1,166
	Serranillo-p1	1		7/23/2004	2004-006871	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	821
	Serranillo-p2	2		7/23/2004	2004-006872	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	821
	Serranillo-p3	3		7/23/2004	2004-006873	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	655
Vareus	Coastal Dunes, LLC			7/23/2004	2004-006874	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	1,120
Wendover, LLC	Coastal Dunes, LLC			7/23/2004	2004-006875	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	840
Paul Gore	Paul Gore			7/23/2004	2004-006876	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	260
				7/23/2004	2004-006877	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	260
				7/23/2004	2004-006878	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	1,477
				7/23/2004	2004-006879	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	2,448
				7/23/2004	2004-006880	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	1,120
				7/23/2004	2004-006881	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	560
				7/23/2004	2004-006882	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	560
				7/23/2004	2004-006883	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	560
				7/23/2004	2004-006884	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	70
				7/23/2004	2004-006885	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	70
				7/23/2004	2004-006886	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	148
				7/23/2004	2004-006887	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	70
				7/23/2004	2004-006888	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	360
				7/23/2004	2004-006889	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006890	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006891	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006892	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006893	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006894	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006895	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006896	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006897	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006898	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006899	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006900	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006901	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006902	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006903	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006904	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006905	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006906	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006907	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006908	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006909	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006910	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006911	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006912	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006913	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006914	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006915	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006916	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006917	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006918	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006919	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006920	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006921	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006922	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006923	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006924	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006925	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006926	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006927	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006928	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006929	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006930	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006931	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006932	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006933	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006934	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006935	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006936	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006937	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006938	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006939	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006940	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006941	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006942	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006943	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006944	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006945	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006946	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006947	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006948	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006949	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006950	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006951	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006952	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006953	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006954	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006955	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006956	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006957	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006958	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006959	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006960	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006961	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006962	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006963	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006964	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006965	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006966	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006967	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006968	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006969	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006970	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006971	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006972	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006973	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006974	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006975	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006976	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006977	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006978	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006979	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006980	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006981	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006982	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006983	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006984	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006985	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006986	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006987	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006988	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006989	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006990	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006991	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006992	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006993	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006994	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006995	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006996	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006997	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006998	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-006999	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007000	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007001	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007002	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007003	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007004	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007005	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007006	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,231
				7/23/2004	2004-007007	Cheryl Lee and/or Jennie Crichtfield	Telephone, Email and/or in-house meetings	17,

Application Approved  
Application Pending with  
Application to be Submitted

28 741

3.87 Picograms/Minute

ARY Real Estate (Yearly)

Application Approved  
Application Pending with ACC  
Application to be Submitted

## Southwest Expansion

**GLOBAL WATER RESOURCES, LLC**  
Summary of Infrastructure Coordination and Finance Agreements  
September-06

Application Approved  
Application Pending with ACC  
Application to be Submitted

Bulk/Owner	Development	Phase	Parcel	Executed	Number	Person	Landowner/Developer via	Units
Submitted 9/29/2006								
Donk Pined	Development	Phase	Parcel	7/1/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	590
Donk Pined				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	7,301
Les McManis				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	960
Garner/Davis				7/2/2006	2006-138549	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	285
Hogans/Daly				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	53
TOTR (ACON)				7/2/2006	2006-138543	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	117
Redfield				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	1,260
Sunset Mountain Dev. Group				7/2/2006	2006-138522	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	1,141
East Shadow				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	2,260
Trink Rattan				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	1,223
Beth Farms	Development	Phase	Parcel	7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	1,180
HBE Farms				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	7
Chickadee				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	70
Brian Stoverman				7/2/2006	2006-138523	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	88
NSK Land Ventures (Quicks)				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	200
Nehala Techs				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	260
Quarry Holdings				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	32
West Aries				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	25
Data Byco				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	18
Dave Bryn				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	30
Bryn/Tie	Development	Phase	Parcel	7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	32
BrynMacallum				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	1,120
Walton Castle Springs				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	140
Beauregard LP (Ray Chaudon)				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	18
Gene Mendonza				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	140
Frederick Partners V				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	140
Redfield Financial				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	970
Chad Rauch				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	140
Ray Morrow				7/2/2006	2006-138543	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	56
K Investment Enterprises				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	420
Redfield Ring	Development	Phase	Parcel	7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	140
Marina 100				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	280
Keith Henry				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	420
NP 28 Land				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	18
				7/2/2006	-	Cheryl Les and/or Janice Cichelski	Telephone, Email and/or In-house meetings	648
* currently being recorded								
								25,117

Submitted 9/29/2006

Submitted 9/29/2006

C



**ARIZONA WATER COMPANY'S  
SECOND SET OF DATA REQUESTS  
TO SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY**

**Docket No. W-01445A-06-0199**

**October 26, 2006**

- AWC 2.1      Provide all documents produced to Staff by Santa Cruz Water Company ("SCWC") or Palo Verde Utilities Company ("PVUC") in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate in any way to the construction of wastewater treatment plants in Powell River, British Columbia and Iqaluit, Nunavut.
- AWC 2.2      Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate in any way to Mr. Trevor T. Hill, Mr. Leo Commadeur, or Mr. Graham Symmonds.
- AWC 2.3      Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate to the construction of wastewater treatment plants by Hill, Murray & Associates ("HMA").
- AWC 2.4      Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate to litigation threatened or brought by the municipality of Iqaluit, Nunavut against HMA.
- AWC 2.5      Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate to litigation threatened or brought by the District of Powell River, British Columbia against HMA.
- AWC 2.6      Identify all principals, officers, employees or contractors of SCWC, PVUC, Global Water Resources, LLC, Global Water Resources, Inc., and any company, entity or persons affiliated with, employed by, or acting on behalf of any of the foregoing entities (collectively, the "Global Entities") which were ever employed by or affiliated with HMA.
- AWC 2.7      Identify and produce copies of all performance bonds ever required of SCWC, PVUC or any of the Global Entities pursuant to Decision No. 67240 or any other Commission decision.
- AWC 2.8      Identify and produce copies of all performance bonds relating to or ever required of SCWC, PVUC, or the Global Entities which were ever

canceled by the underwriter of such bonds, and provide a full explanation of the circumstances surrounding such cancellation.

- AWC 2.9 Provide copies of all letters of bond confirmation provided to the Director of Utilities by SCWC, PVUC, or any of the Global Entities pursuant to Decision No. 67240 or any other Commission decision.
- AWC 2.10 Provide any and all documents concerning any failure of SCWC, PVUC or any of the Global Entities to maintain required performance bonds.
- AWC 2.11 Provide copies of all quarterly compliance reports by SCWC, PVUC or any of the Global Entities attesting to compliance status with the Arizona Department of Environmental Quality, the Arizona Department of Water Resources and the Arizona Corporation Commission's Corporation Division filed pursuant to Decision No. 67240 or any other Commission decision.
- AWC 2.12 Provide copies of any and all reports filed by Global Water Resources or any of the Global Entities with the Commission concerning the financial terms of the acquisition of any utility, the resulting capital structure of the utility, the terms of any utility debt, and the dollar amounts transferred from the particular utility to Global Water Resources or any Global Entity.
- AWC 2.13 Provide full and complete copies of all Acquisition Schedules filed by Global Water Resources or any of the Global Entities with the Commission pursuant to Decision No. 67240 or any other Commission decision.
- AWC 2.14 Identify and describe all changes in the ownership or membership of SCWC, PVUC, or any of the Global Entities within the last 5 years.
- AWC 2.15 Provide copies of all notices of proposed change of ownership interests of SCWC, PVUC or any of the Global Entities filed with the Commission pursuant to Decision No. 67240 or any other Commission decision.
- AWC 2.16 Provide copies of all reports from the *Nunatsiaq News* concerning the Iqaluit, Nunavut wastewater treatment plant.
- AWC 2.17 Provide copies of all reports from the *Powell River Peak* concerning the Powell River, British Columbia wastewater treatment plant.
- AWC 2.18 Provide copies of all attachments to the Supplemental Staff Report dated May 28, 2004 in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586.

- AWC 2.19 Provide copies of all documents related to the resignation of Michael Reinbold as President of SCWC and PVUC in January 2004 and describe any and all involvement he has had in SCWC, PVUC or any Global Entity since that time.
- AWC 2.20 Provide copies of any and all "corporate profiles" which SCWC, PVUC or any Global Entity have filed with the Corporation Commission in any docket.
- AWC 2.21 Provide copies of all testimony submitted by Mr. Trevor Hill in Docket Nos. SW-03575A-03-0586 and W-03575A-03-0586, including copies all attachments and exhibits.
- AWC 2.22 Identify and describe fully all instances, other than Decision No. 67240, in which Mr. Trevor Hill was prohibited or disallowed from designing any treatment plant or other engineering project.
- AWC 2.23 Provide copies of all reports by Reid Crowther & Partners, Ltd., concerning the performance of HMA under its contract with Powell River for the construction of a wastewater treatment plant.
- AWC 2.24 Provide copies of all reports by Earth Tech concerning the performance of HMA under its contract with Iqaluit, Nunavut for the construction of a wastewater treatment plant.
- AWC 2.25 Provide copies of all documents concerning the relationship between HMA and Zenon Environmental, Inc. or its principal, Dr. Andrew Benedek.
- AWC 2.26 Identify all investments in, or loans to, HMA by Zenon Environmental, Inc. or Dr. Benedek and explain how the investments or loans were accounted for on HMA's books and records.
- AWC 2.27 Provide copies of all documents related to any litigation threatened or brought by Baffin Building Systems against HMA.
- AWC 2.28 Provide copies of any complaint filed against any of the Global Entities, Mr. Trevor Hill, HMA or Algonquin Water Resources (insofar as they relate to matters involving Mr. Hill).

**D**

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.1**

Provide all documents produced to Staff by Santa Cruz Water Company ("SCWC") or Palo Verde Utilities Company ("PVUC") in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate in any way to the construction of wastewater treatment plants in Powell River, British Columbia and Iqaluit, Nunavut.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control or the Utilities Division offices.

**RESPONDENT:**

Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.2**                      Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate in any way to Mr. Trevor T. Hill, Mr. Leo Commadeur, or Mr. Graham Symmonds.

**RESPONSE:**                SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control or the Utilities Division offices.

**RESPONDENT:**            Legal Counsel for Global

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.3                      Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate to the construction of wastewater treatment plants by Hill, Murray & Associates ("HMA").

**RESPONSE:**                SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control or from the Utilities Division offices.

**RESPONDENT:**            Legal Counsel for Global

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.4

Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate to litigation threatened or brought by the municipality of Iqaluit, Nunavut against HMA.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control office or from the Utilities Division offices.

**RESPONDENT:**

Legal Counsel for Global



**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.5**

Provide all documents produced to Staff by SCWC or PVUC in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586 which relate to litigation threatened or brought by the District of Powell River, British Columbia against HMA.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control office or from the Utilities Division offices.

**RESPONDENT:**

Legal Counsel for Global

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.6

Identify all principals, officers, employees or contractors of SCWC, PVUC, Global Water Resources, LLC, Global Water Resources, Inc., and any company, entity or persons affiliated with, employed by, or acting on behalf of any of the foregoing entities (collectively, the "Global Entities") which were ever employed by or affiliated with HMA.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding this objection, we note that we have provided you with brief bios of each officer, director and engineer employed by the Global Entities. (See Global's Responses to AWC's first set of data requests).

**RESPONDENT:**

Legal Counsel for Global

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.7                      Identify and produce copies of all performance bonds ever required of SCWC, PVUC or any of the Global Entities pursuant to Decision No. 67240 or any other Commission decision.

**RESPONSE:**                There are no performance bonds in place for any Global Entity. Decision No. 68186 (September 30, 2005) amended the performance bond requirements in Decision No. 67240. Under Decision No. 68186, performance bonds are no longer required after September 23, 2006.

**RESPONDENT:**            Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.8      Identify and produce copies of all performance bonds relating to or ever required of SCWC, PVUC, or the Global Entities which were ever canceled by the underwriter of such bonds, and provide a full explanation of the circumstances surrounding such cancellation.

**RESPONSE:**      There bonds were cancelled once the obligation to have bonds expired under Decision No. 68186. Further information about the bonds, and the bond cancellation letters, can be found in the compliance filings made by the Global Entities in ACC Docket No. SW-03575A-04-0767 et al. These compliance filings are available from the Commission's docket control center, or in most cases, from the Commission's "eDocket" system.

**RESPONDENT:**      Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.9                      Provide copies of all letters of bond confirmation provided to the Director of Utilities by SCWC, PVUC, or any of the Global Entities pursuant to Decision No. 67240 or any other Commission decision.

**RESPONSE:**                Copies of any bond confirmations provided to the Director of Utilities are available from the Commission's offices at 1200 West Washington Street, Phoenix, Arizona 85007. You may want to review the compliance filings in Docket No. SW-03575A-04-0767 et al. These compliance filings are available from the Commission's docket control center, or in most cases, from the Commission's "eDocket" system.

**RESPONDENT:**            Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.10** Provide any and all documents concerning any failure of SCWC, PVUC or any of the Global Entities to maintain required performance bonds.

**RESPONSE:** There are no instances where Global has failed to maintain required performance bonds.

**RESPONDENT:** Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.11**                      Provide copies of all quarterly compliance reports by SCWC, PVUC or any of the Global Entities attesting to compliance status with the Arizona Department of Environmental Quality, the Arizona Department of Water Resources and the Arizona Corporation Commission's Corporation Division filed pursuant to Decision No. 67240 or any other Commission decision.

**RESPONSE:**                These compliance filings are available from the Commission's docket control center, or in most cases, from the Commission's "eDocket" system.

**RESPONDENT:**            Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.12

Provide copies of any and all reports filed by Global Water Resources or any of the Global Entities with the Commission concerning the financial terms of the acquisition of any utility, the resulting capital structure of the utility, the terms of any utility debt, and the dollar amounts transferred from the particular utility to Global Water Resources or any Global Entity.

**RESPONSE:**

Any relevant compliance filings are available from the Commission's docket control center, or in most cases, from the Commission's "eDocket" system.

**RESPONDENT:**

Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027



**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.13            Provide full and complete copies of all Acquisition Schedules filed by Global Water Resources or any of the Global Entities with the Commission pursuant to Decision No. 67240 or any other Commission decision.

**RESPONSE:**        Any relevant compliance filings are available from the Commission's docket control center, or in most cases, from the Commission's "eDocket" system.

**RESPONDENT:**     Graham Symmonds  
Senior Vice President  
Global Water Management, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

**AWC 2.14** Identify and describe all changes in the ownership or membership of SCWC, PVUC, or any of the Global Entities within the last 5 years.

**RESPONSE:** See Decision Nos. 66394, 67240 and 68996 and Global's Responses to AWC 1.23 and AWC 1.66.

**RESPONDENT:** Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

**AWC 2.15**            Provide copies of all notices of proposed change of ownership interests of SCWC, PVUC or any of the Global Entities filed with the Commission pursuant to Decision No. 67240 or any other Commission decision.

**RESPONSE:**        All notices are available from the Commission's docket control office and/or its utilities division office located at 1200 West Washington Street, Phoenix, Arizona 85007.

**RESPONDENT:**      Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.16            Provide copies of all reports from the *Nunatsiaq News* concerning the Iqaluit, Nunavut wastewater treatment plant.

**RESPONSE:**        SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. In addition, to the extent the "Nunatsiaq News" is a newspaper, newspapers are generally considered to be publicly available information. Newspapers are often available from research libraries.

**RESPONDENT:**      Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.17

Provide copies of all reports from the *Powell River Peak* concerning the Powell River, British Columbia wastewater treatment plant.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. In addition, to the extent the "Powell River Peak" is a newspaper, newspapers are generally considered to be publicly available information. Newspapers are often available from research libraries.

**RESPONDENT:**

Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.18                      Provide copies of all attachments to the Supplemental Staff Report dated May 28, 2004 in Docket Nos. W-03576A-03-0586 and SW-03575A-03-0586.

**RESPONSE:**                      SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control or Utilities Division offices.

**RESPONDENT:**                      Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.19**

Provide copies of all documents related to the resignation of Michael Reinbold as President of SCWC and PVUC in January 2004 and describe any and all involvement he has had in SCWC, PVUC or any Global Entity since that time.

**RESPONSE:**

SCWC and PVUC object to the first part of this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Mr. Reinbold has had no further involvement with SCWC, PVUC or any Global Entity since his resignation.

**RESPONDENT:**

Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.20

Provide copies of any and all "corporate profiles" which SCWC, PVUC or any Global Entity have filed with the Corporation Commission in any docket.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control office.

**RESPONDENT:**

Legal Counsel for Global.



**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.21

Provide copies of all testimony submitted by Mr. Trevor Hill in Docket Nos. SW-03575A-03-0586 and W-03575A-03-0586, including copies all attachments and exhibits.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Notwithstanding the above objection and to the extent that this information is publicly-available, AWC can retrieve that information through the Commission's docket control office.

**RESPONDENT:**

Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.22**

Identify and describe fully all instances, other than Decision No. 67240, in which Mr. Trevor Hill was prohibited or disallowed from designing any treatment plant or other engineering project.

**RESPONSE:**

There is no other instance.

**RESPONDENT:**

Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.23**

Provide copies of all reports by Reid Crowther & Partners, Ltd., concerning the performance of HMA under its contract with Powell River for the construction of a wastewater treatment plant.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:**

Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.24

Provide copies of all reports by Earth Tech concerning the performance of HMA under its contract with Iqaluit, Nunavut for the construction of a wastewater treatment plant.

**RESPONSE:**

SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:**

Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

**AWC 2.25**            Provide copies of all documents concerning the relationship between HMA and Zenon Environmental, Inc. or its principal, Dr. Andrew Benedek.

**RESPONSE:**        SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:**     Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
November 6, 2006**

AWC 2.26                      Identify all investments in, or loans to, HMA by Zenon Environmental, Inc. or Dr. Benedek and explain how the investments or loans were accounted for on HMA's books and records.

**RESPONSE:**                      SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:**                      Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.27**                      Provide copies of all documents related to any litigation threatened or brought by Baffin Building Systems against HMA.

**RESPONSE:**                SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence.

**RESPONDENT:**            Legal Counsel for Global.

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
SECOND SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**November 6, 2006**

**AWC 2.28**

Provide copies of any complaint filed against any of the Global Entities, Mr. Trevor Hill, HMA or Algonquin Water Resources (insofar as they relate to matters involving Mr. Hill).

**RESPONSE:**

To the extent that this request desires documents about HMA, SCWC and PVUC object to this request as seeking information that is overly broad, unduly burdensome, beyond the scope of and irrelevant to these matters. Further, the information sought is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Further, SCWC and PVWUC object to the extent it requests complaints against Mr. Hill as overbroad and beyond the scope of this proceeding. Further, the request is vague and ambiguous as to its request regarding Algonquin Water Resources. Arizona Water Company should be in possession of the complaint it filed against the Global Entities at the Arizona Corporation Commission. We also note that Arizona Water Company has refused to provide information to us concerning litigation to which it was or is a party.

**RESPONDENT:**

Legal Counsel for Global



**E**



Steven A. Hirsch  
Direct: 602-364-7319  
sahirsch@bryancave.com

December 22, 2006

**VIA FAX 602-256-6800  
AND REGULAR MAIL**

Timothy J. Sabo, Esq.  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 E. Van Buren St., Suite 800  
Phoenix, AZ 85004-2262

Re: Follow-up to our Meet and Confer Meeting Concerning Global's Responses  
to Data Requests; Arizona Water Company v. Global Water Resources, et al.,  
Docket No. W-01445A-06-0199

Dear Tim:

As we discussed at the meet and confer meeting in your offices on December 14, 2006, this letter summarizes the notes Rodney, Bob and I made following our meeting regarding remaining open items. After much discussion and compromises concerning the many pending data requests that have not been answered, in an effort to resolve any disputes, Arizona Water Company significantly narrowed its requests. Arizona Water Company now summarizes the remaining data requests that need to be supplemented by the Global Entities. If full answers are forthcoming to the following requests, Arizona Water Company will not seek an order compelling responses to the other requests that remain unanswered.

**1. Infrastructure Coordination and Financing Agreements ("ICFAs")**

The remaining Arizona Water Company data requests at issue are 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7 and 1.101.

We requested (and understand that you will investigate and respond with) more particularity and detail concerning Global's contact and communications with landowners who enter into ICFAs.

We also request a more readable (with larger font) spreadsheet of property owners involved. (Perhaps you could simply provide us with an electronic version of the spreadsheet that was earlier provided in hard copy only.)

**Bryan Cave LLP**  
One Renaissance Square  
Two North Central Avenue  
Suite 2200  
Phoenix, AZ 85004-4406  
Tel (602) 364-7000  
Fax (602) 364-7070  
www.bryancave.com

Chicago  
Hong Kong  
Irvine  
Jefferson City  
Kansas City  
Kuwait  
Los Angeles  
New York  
Phoenix  
Riyadh  
Shanghai  
St. Louis  
United Arab Emirates (Dubai)  
Washington, DC  
  
And Bryan Cave,  
A Multinational Partnership,  
London

We also request that Global provide copies of all ICFAs and related maps of ICFA areas, but agree to limit this request to the disputed area. We would continue to ask for a listing of ICFA's with owners both within and outside of the disputed area.

Concerning requests 1.7 and 1.101, we request a more detailed accounting of monies received by Global under the ICFAs in the disputed area. Please see Request 1.101 for the parameters of what we mean by an "accounting."

## **2. P3 Agreements**

The remaining Arizona Water Company data requests at issue are 1.8, 1.9, 1.10, 1.11, and 1.14.

Please confirm that the only P3 agreements entered into by Global in the disputed area involve the cities of Casa Grande and Maricopa. If that is the case, we do not need copies of these documents (or we may ask you to confirm that our copies are correct).

Please disclose all of the correspondence and communications between Global and the two cities listed above.

Concerning 1.14, please confirm that no other consideration has been paid by Global to the relevant cities other than the payments referenced in the agreements. Because the payments are based on units, please provide us with the total amount paid to each city as of the current date (or a date reasonably close that may be more consistent with Global's accounting methods).

## **3. Global's Ownership and Sources of Equity**

The remaining Arizona Water Company data requests at issue are 1.26, 1.50, 1.51, 1.52, 1.101, 1.102, 1.103, and 1.104.

We understand that the regulated utilities are 100% owned by Global Water Resources, L.L.C, which provides all of their equity. However, we are requesting additional information about the sources of equity of that parent, particularly whether any of the parent's equity derives from ICFA funds. Global's reference to "filings" in a number of dockets in response to 1.52 is insufficient and we request that Global provide specific explanations and detail as to the sources and amounts of its equity capital.

To the extent that Global contends that responding to requests 1.101 through 1.104 is too burdensome, please respond with a reasonable and fair proposal on how Global would narrow the requests so as to lessen any alleged burden.

**4. Intra-Company Agreements to Sell Effluent**

The remaining Arizona Water Company data requests at issue is 1.81. We understand that there is an agreement between Palo Verde Utilities Company and Santa Cruz Water Company related to the sale of effluent. Please provide us with a copy of that agreement.

**5. Alleged Benefits of Integrated Services**

The remaining Arizona Water Company data requests at issue are 1.73, 1.91, 1.92, and 1.93.

Global agreed to provide a more detailed answer to request 1.73 that eliminates the vagueness created by use of "etc."

We again request that Global respond to 1.91 by providing some calculation of the amount of savings allegedly incurred because of "integrated" water and sewer services, or simply confirm that no such calculation exists or can be made.

Concerning requests 1.92 and 1.93, we request that Global provide copies of billings by Global Water Management LLC and/or other Global entities to the Santa Cruz Water Company and Palo Verde Utilities Company for the services rendered. Please provide information about the "market based prices," including the details of those prices and the total billings.

**6. Bond Requirement**

The remaining Arizona Water Company data requests at issue are 1.56, 2.7, 2.8, 2.9 and 2.10. We understand that the ACC imposed a bond requirement on Global in September 2004 (Decision 67240) and that this requirement terminated in September 2006 based on Decision 68186. Please confirm for us in writing that there are no other ACC-imposed bond requirements on the Global entities, and we will deem these requests to be satisfied as part of our compromise discussions.

**7. Targets for Expansion**

The remaining Arizona Water Company data requests at issue are 1.15, 1.16, 1.25, 1.100, 2.12 and 2.13.

Concerning requests 1.15, 1.16 and 1.100, Arizona Water Company is willing to enter into a suitable confidentiality agreement to protect the confidentiality of this information in response to your concerns. Please provide detailed information in response to these requests and the proposed terms of such disclosure.

Concerning request 1.25 on dockets involving Desert Hills Water Company, please provide an updated response concerning any data requests in those dockets.

As to requests 2.12 and 2.13, we have asked for copies of the reports, which we will reimburse Global for, rather than sending us on a "fishing expedition" as to filings at the Commission as referenced in the current responses.

**8. CAAG Plan and Process**

The remaining Arizona Water Company data requests at issue are 1.20, 1.21, and 1.86. We request that Global provide us with a copy of the relevant 208 Plan and correspondence and communications related to Global's efforts to obtain a 208 plan amendment.

**9. Hydrological Reports**

The remaining Arizona Water Company data request at issue is 1.41. Arizona Water Company is willing to enter into a suitable confidentiality agreement related to production of such hydrological reports and information. Please provide the reports and other documents in response to these requests and the proposed terms of such disclosure.

**10. Hill Murray/Canadian Issues**

The remaining Arizona Water Company data requests at issue are 2.23, 2.24, 2.25, 2.26, 2.27 and 2.28. We understand Global's objection that it may not have copies of these materials related to Hill, Murray. We have greatly reduced the information sought, but this information remains uniquely in Global's possession to our knowledge. We ask that Global reconsider its objections and produce any responsive documents in its possession.

Please contact me or Rodney Ott by Friday, January 5, 2007 concerning your response to these issues.

Sincerely, .



Steven A. Hirsch

Enclosures



Steven A. Hirsch  
Direct: 602-364-7319  
sahirsch@bryancave.com

December 22, 2006

**VIA FAX 602-256-6800  
AND REGULAR MAIL**

Timothy J. Sabo, Esq.  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 E. Van Buren St., Suite 800  
Phoenix, AZ 85004-2262

Re: Follow-up to our Meet and Confer Meeting Concerning Global's Responses  
to Data Requests; Arizona Water Company v. Global Water Resources, et al.,  
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We requested (and understand that you will investigate and respond with) more particularity and detail concerning Global's contact and communications with landowners who enter into ICFAs.

We also request a more readable (with larger font) spreadsheet of property owners involved. (Perhaps you could simply provide us with an electronic version of the spreadsheet that was earlier provided in hard copy only.)

**Bryan Cave LLP**  
One Renaissance Square  
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Suite 2200  
Phoenix, AZ 85004-4406  
Tel (602) 364-7000  
Fax (602) 364-7070  
www.bryancave.com

Chicago  
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Kuwait  
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Phoenix  
Riyadh  
Shanghai  
St. Louis  
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Washington, DC  
  
And Bryan Cave,  
A Multinational Partnership,  
London

We also request that Global provide copies of all ICFAs and related maps of ICFA areas, but agree to limit this request to the disputed area. We would continue to ask for a listing of ICFA's with owners both within and outside of the disputed area.

Concerning requests 1.7 and 1.101, we request a more detailed accounting of monies received by Global under the ICFAs in the disputed area. Please see Request 1.101 for the parameters of what we mean by an "accounting."

## **2. P3 Agreements**

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Please disclose all of the correspondence and communications between Global and the two cities listed above.

Concerning 1.14, please confirm that no other consideration has been paid by Global to the relevant cities other than the payments referenced in the agreements. Because the payments are based on units, please provide us with the total amount paid to each city as of the current date (or a date reasonably close that may be more consistent with Global's accounting methods).

## **3. Global's Ownership and Sources of Equity**

The remaining Arizona Water Company data requests at issue are 1.26, 1.50, 1.51, 1.52, 1.101, 1.102, 1.103, and 1.104.

We understand that the regulated utilities are 100% owned by Global Water Resources, L.L.C, which provides all of their equity. However, we are requesting additional information about the sources of equity of that parent, particularly whether any of the parent's equity derives from ICFA funds. Global's reference to "filings" in a number of dockets in response to 1.52 is insufficient and we request that Global provide specific explanations and detail as to the sources and amounts of its equity capital.

To the extent that Global contends that responding to requests 1.101 through 1.104 is too burdensome, please respond with a reasonable and fair proposal on how Global would narrow the requests so as to lessen any alleged burden.

**4. Intra-Company Agreements to Sell Effluent**

The remaining Arizona Water Company data requests at issue is 1.81. We understand that there is an agreement between Palo Verde Utilities Company and Santa Cruz Water Company related to the sale of effluent. Please provide us with a copy of that agreement.

**5. Alleged Benefits of Integrated Services**

The remaining Arizona Water Company data requests at issue are 1.73, 1.91, 1.92, and 1.93.

Global agreed to provide a more detailed answer to request 1.73 that eliminates the vagueness created by use of "etc."

We again request that Global respond to 1.91 by providing some calculation of the amount of savings allegedly incurred because of "integrated" water and sewer services, or simply confirm that no such calculation exists or can be made.

Concerning requests 1.92 and 1.93, we request that Global provide copies of billings by Global Water Management LLC and/or other Global entities to the Santa Cruz Water Company and Palo Verde Utilities Company for the services rendered. Please provide information about the "market based prices," including the details of those prices and the total billings.

**6. Bond Requirement**

The remaining Arizona Water Company data requests at issue are 1.56, 2.7, 2.8, 2.9 and 2.10. We understand that the ACC imposed a bond requirement on Global in September 2004 (Decision 67240) and that this requirement terminated in September 2006 based on Decision 68186. Please confirm for us in writing that there are no other ACC-imposed bond requirements on the Global entities, and we will deem these requests to be satisfied as part of our compromise discussions.

**7. Targets for Expansion**

The remaining Arizona Water Company data requests at issue are 1.15, 1.16, 1.25, 1.100, 2.12 and 2.13.

Concerning requests 1.15, 1.16 and 1.100, Arizona Water Company is willing to enter into a suitable confidentiality agreement to protect the confidentiality of this information in response to your concerns. Please provide detailed information in response to these requests and the proposed terms of such disclosure.

Concerning request 1.25 on dockets involving Desert Hills Water Company, please provide an updated response concerning any data requests in those dockets.



As to requests 2.12 and 2.13, we have asked for copies of the reports, which we will reimburse Global for, rather than sending us on a "fishing expedition" as to filings at the Commission as referenced in the current responses.

**8. CAAG Plan and Process**

The remaining Arizona Water Company data requests at issue are 1.20, 1.21, and 1.86. We request that Global provide us with a copy of the relevant 208 Plan and correspondence and communications related to Global's efforts to obtain a 208 plan amendment.

**9. Hydrological Reports**

The remaining Arizona Water Company data request at issue is 1.41. Arizona Water Company is willing to enter into a suitable confidentiality agreement related to production of such hydrological reports and information. Please provide the reports and other documents in response to these requests and the proposed terms of such disclosure.

**10. Hill Murray/Canadian Issues**

The remaining Arizona Water Company data requests at issue are 2.23, 2.24, 2.25, 2.26, 2.27 and 2.28. We understand Global's objection that it may not have copies of these materials related to Hill, Murray. We have greatly reduced the information sought, but this information remains uniquely in Global's possession to our knowledge. We ask that Global reconsider its objections and produce any responsive documents in its possession.

Please contact me or Rodney Ott by Friday, January 5, 2007 concerning your response to these issues.

Sincerely, .



Steven A. Hirsch

Enclosures

**F**

# ROSHKA DEWULF & PATTEN

ROSHKA DEWULF & PATTEN, PLC  
ATTORNEYS AT LAW  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET  
SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

January 9, 2007

**VIA FACSIMILE 602-384-7070  
AND REGULAR U.S. MAIL**

Steven A. Hirsch, Esq.  
Bryan Cave, LLP  
One Renaissance Square  
Two North Central Avenue  
Phoenix, Arizona 85004-4406

Re: Response to your December 22, 2006 Letter regarding Arizona Water Company ("AWC") Data Requests to Global Water Resources, LLP, Santa Cruz Water Company ("SCWC") and Palo Verde Utilities Company ("PVUC") in Docket Nos. W-01445A-06-0199, SW-03575A-05-0926 and W-03576A-05-0926.

Dear Steve:

We have carefully reviewed your letter regarding discovery in this case, along with our recollections of the meeting held at our offices on December 14, 2006 with you, Rodney and Bob. We appreciate AWC's efforts to compromise outstanding data requests between AWC and Global. But as we discussed at the meeting, several of Global's data requests to AWC also remain unanswered or incomplete. Further, while we are willing to accommodate several of AWC's modified requests, there are some requests that we continue to object to as not relevant and beyond the scope of these proceedings. We are asking AWC to withdraw certain requests as part of our counter-offer here.

What follows is our proposal to match AWC's requests with Global's requests. This is also a significant compromise to our requests as well as an attempt to limit follow-up discovery requests. Should AWC agree to provide full and complete answers to Global's requests we will not seek our own order compelling responses to remaining requests as well as not objecting to the AWC requests as outlined here:

**Category 1: ICFAs, P3 Agreements, Requests for Service and Services Provided.**

We understand AWC to have modified its Data Request Nos. 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, and 1.101 to request the following information:

# ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 2

- A description of how Global Entities – SCWC and PVUC – received requests for service from landowners and/or developers for their requested extension areas.
- Copies of written communications and/or descriptions of any oral communications regarding requests for service.
- A list of developers in a more readable spreadsheet or in electronic form.
- Copies of all ICFA's involving the extension that SCWC and/or PVUC will serve.
- Copies of any communications involving the ICFA's covering the requested extension areas requested by SCWC and PVUC.
- Maps of the areas covered by each ICFA for the requested extension areas requested by SCWC and PVUC.
- A description of the accounting of the money received by Global from the ICFA's until the money leaves Global or its regulated affiliates.

AWC has also requested responses, with detailed particularity, about Global's P3 Agreements with Casa Grande and Maricopa regarding its Data Request Nos. 1.8, 1.9, 1.10, 1.11 and 1.14:

- Copies of the relevant P3 Agreements, if there are any besides those with Casa Grande and Maricopa, and a confirmation that AWC has full and complete copies of the P3 Agreements with Casa Grande and Maricopa.
- An accounting of any monies received by Global via the P3 Agreements until the money leaves Global or its regulated affiliates.
- The date and manner of contact between Global and the cities, as well as describing who initiated the contact.
- Copies of written correspondence about the P3 Agreements and a description of any oral communications regarding the P3 Agreements.
- Confirmation that no other consideration is being paid to the cities other than what is outlined in the P3 Agreements.

Global is willing to provide the above information but only if AWC is willing to provide the following information:

- Global Data Request No. 1.13: A description of how AWC has received any and all requests for service regarding AWC's proposed extension area. Copies of any notices sent to landowners and/or developers as well as any and all copies of requests for service AWC has received up to and including the date of this letter. We would expect AWC to provide any additional requests for service until the dates this proceeding is scheduled for hearings.

# ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 3

- Copies of any written and oral communications plus any agreements with cities or governmental entities about AWC providing water service in AWC's proposed extension area.
- Global Data Request No. 1.11: A description of any oral communications between AWC and ADWR regarding its requested extension area.
- Global Data Request Nos. 1.14, 1.15, 1.16, 1.94 and 1.95: Copies of any and all customer service agreements with the cities or the Southwest Water Company regarding providing wastewater service to AWC's requested extension areas. Any oral communications or written correspondence about this topic should be fully described and provided. Also, please provide us a full and complete copy of the "Cooperative Service Agreement" with Southwest Water Company.
- Global Data Request Nos. 1.17, 1.23 and 1.26: Any plans to deploy reclaimed water facilities, recharged water facilities, and surface water treatment facilities should be provided. Please also describe any oral communications and/or provide written correspondence about any plans to deploy any or these facilities within AWC's proposed extension areas, including any facilities mentioned in Decision No. 68302 and in testimony from Docket Nos. W-01445A-04-0650.
- Global Data Request Nos. 1.33, 1.34, 1.35, 1.36: Please indicate from which documents filed at the Commission this information can be found.
- Global Data Request Nos. 1.32 and 1.39: Please provide copies of any and all written communications or a description of any and all oral communications regarding AWC's plans to reduce using groundwater for the proposed extension area and for the Casa Grande system. Please provide a copy of the "best management practices conservation plan" mentioned in AWC's response to Global Data Request 1.32. Please also provide a copy of the well data for the Casa Grande system on file with the Arizona Department of Water Resources ("ADWR").
- Global Data Request Nos. 1.19 and 1.25: A list of any and all reclaimed water or recharge water facilities AWC owns and/or operates in Arizona.
- Global Data Request Nos. 1.37, 1.38 and 1.45: If the calculations cannot be provided, explain why not and what figures are needed to make those calculations.

## **Category 2: Inter-Company Transactions, Equity Infusions and Financial Issues.**

We understand AWC to have modified its Data Request Nos. 1.26, 1.50, 1.51, 1.52, 1.102, 1.103 and 1.104 to request the following information:

- Transfers of ownership interests in Global over the past ten (10) years:

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 4

- Sources of equity that have been available to SCWC and PVUC over the past five years.
- Equity contributions from Global to SCWC and PVUC strictly derived from applicable ICFAs.
- Capital transactions, including the date and amount of those transactions for the last five years between SCWC and/or PVUC, and Global or its affiliates.
- A list of developments of 100 or more homes at buildout receiving service from SCWC and/or PVUC in the last three years or will likely receive service in the next two years.
- The types of infrastructure needed for those developments, the amounts financed by developers either through main extension agreements and/or ICFAs.

Global is willing to provide the above information but only if AWC is willing to provide the following information:

- Global Data Request No. 1.53: Please provide financial statements for any division, including Casa Grande, which will provide service in AWC's proposed extension area.
- Sources of equity and debt AWC uses for its Casa Grande division or any other division that will serve AWC's proposed extension area.
- Global Data Request No. 1.55: Equity contributions to AWC for use by its Casa Grande division for the past five years and a description of what AWC means by "paid in capital."
- Global Data Request No. 1.71: A list of all capital transactions between AWC and affiliates, holding companies involving AWC's Casa Grande division or any other division that will provide service to AWC's proposed extension area. Please include the amount and description of the transaction.
- Global Data Request No. 1.78: Please provide a list of developments of 100 or more homes AWC expects to be within its proposed extension area by December 31, 2011. For each development provide a description of the expected status of that development by December 31, 2011.
- Global Data Request No. 2.11: Provide a breakdown, by percentage, of the sources of capital AWC estimates it will use to finance the construction of facilities to serve AWC's proposed extension area.
- Global Data Request No. 1.4: Please provide a list of who or what entity, by percentage, owns United Resources, Inc. and a list of any ownership transfers of AWC and United Resources, Inc. that have occurred in the last ten (10) years.

**Category 3: Integrated Water and Wastewater Service.**

We understand AWC to have modified its Data Request Nos. 1.73, 1.91, 1.92, and 1.93 to request the following information:

- Clarification of all of the common or shared services between SCWC and PVUC in providing service to their respective proposed extension areas.
- An itemized description of the savings Global would achieve with SCWC and PVUC providing integrated service.
- Any inter-company agreements between Global affiliates, and SCWC and/or PVUC, including copies of any billings made to SCWC and/or PVUC and a clarification of what is meant by "market-based prices."
- A clarification and description of what is meant by the term customer service and customer service facilities.
- An accounting of the costs for common or shared facilities.

Providing an accounting would be unduly burdensome. With respect to the remaining information, Global is willing to provide the above information but only if AWC is willing to provide the following information:

- Global Data Request No. 1.91: Please provide any study or evidence supporting AWC's apparent assertion that the benefits of a larger single-service provider outweigh the benefits of an integrated provider of water and wastewater.
- Please provide copies of any agreements with any wastewater provider regarding shared services or facilities within AWC's proposed extension area. Even if no agreements exist, provide any written correspondence and/or description of any oral communications with any wastewater provider regarding shared services or facilities within AWC's proposed extension areas.
- Global Data Request 2.12: Please provide copies of any written correspondence or descriptions of oral communications with any wastewater providers regarding providing reclaimed water services, using effluent to irrigate common areas and golf courses, or developing recharge facilities.

**Category 4: Targets for Expansion.**

AWC has renewed its Data Request Nos. 1.15, 1.16, 1.25, and 1.100. Global maintains its objection to AWC Data Request Nos. 1.15 and 1.16. Global does not believe that those requests have any relevance to the issues in this case, that the requests are overbroad and beyond the scope of this proceeding. Further, these two requests ask for the disclosure of proprietary business information. Global did not request equivalent

Steven A. Hirsch, Esq.

January 9, 2007

Page 6

information from AWC, its parent company or affiliates. Global requests that AWC withdraw its Data Request Nos. 1.15 and 1.16 in their entirety.

With regards to AWC's Data Request No. 1.25, Global will confirm whether or not it has received any data requests in any ACC docket involving Desert Hills Water Company, without waiving its objection.

With regards to AWC Data Request No. 1.100, Global will not provide the amount paid, the source of funds, or any journal entries related to any acquisition it has made in the last five years. Global agrees to provide the date and description of acquisitions made in the last five years, if AWC agrees to provide the same data regarding acquisitions it has made in the last five years.

**Category 5: Compliance Filings.**

AWC is requesting that Global provide copies of any and all compliance filings it has made regarding financial terms of utility acquisitions, capital structure, debt terms and dollar amounts per its Data Request No. 2.12. AWC is also seeking copies of Global's "Acquisition Schedules" from Decision No. 67240 per its Data Request No. 2.13.

In return, AWC should be willing to provide Global with any and all compliance filings related to (1) schedules and other relevant data that was requested by Staff related to AWC's request for an Arsenic Cost Recovery Mechanism under Decision No. 66400 (October 14, 2003); and (2) provide all compliance filings related to Commission orders concerning AWC's Central Arizona Project Water Use Plan, the corresponding Central Arizona Project Hook-Up Fees, and the Non-Potable Central Arizona Project Water tariff required under Commission Decision No. 68302 (November 14, 2005).

**Category 6 – CAAG 208 Amendments**

If AWC is willing to meet all the other terms outlined in this response, Global will provide the following information in response to AWC Data Request Nos. 1.20, 1.21 and 1.86:

- A description of all the steps Global took to obtain CAAG 208 amendment for Global's proposed extension area.
- Copies of correspondence related to Global's efforts to obtain the 208 plan amendment.
- A copy of the relevant 208 plan.



**Category 7 – Hydrological Reports.**

It was our understanding that both parties understood the other's hydrological reports to be confidential. Even so, should AWC insist on its Data Request No. 1.41 then AWC should provide the exact same hydrology reports per Global Data Request No. 1.40.

**Category 8 – Performance Bonds.**

Global will confirm that there are no performance bonds in place for any Global entity at present. Any previous performance bond obligations that were in effect for any Global entity are no longer in effect. This confirmation will supplement AWC Data Request Nos. 1.56, 2.7, 2.8, 2.9 and 2.10.

**Category 9 – Effluent**

With regards to AWC Data Request No. 1.81, Global will indicate that PVUC makes effluent available to SCWC for the purpose of water calculations and that this arrangement was the result of negotiations with ADWR. Global will confirm that no agreement exists between SCWC and PVUC to sell effluent or provide a copy of the effluent agreement, if all of the other terms outlined in this response are agreed to.

**Category 10 – The Hill Murray/Canada Issues**

Global maintains its objection to AWC Data Request Nos. 2.23, 2.24, 2.25, 2.26, 2.27, 2.28 and all other inquiries with regards to Hill Murray & Associates, Earth Tech, or Zenon Environmental, Inc. Global further maintains that the information sought in these requests is irrelevant, overbroad and beyond the scope of this proceeding. In addition, the information requested is not in Global's possession or control. Global requests that AWC also withdraw its Data Request Nos. 2.23 through 2.28 in their entirety. In response, Global will withdraw its Data Request Nos. 1.6, 1.7, 1.8, 1.9 and 1.10.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 8

We believe our proposal is a fair resolution to the outstanding discovery issues that remain between Global and AWC. But we are available for further discussions should you feel it is necessary. Should you desire further discussions, please contact us by January 12, 2007. Otherwise, please let us know by Tuesday, January 16, 2007, whether you intend to accept our proposal. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Sabo", with a long horizontal flourish extending to the right.

Timothy J. Sabo  
For the Firm

TJS/mi

G



Steven A. Hirsch  
Direct: 602-364-7319  
sahirsch@bryancave.com

February 9, 2007

**VIA FAX 602-256-6800  
AND REGULAR MAIL**

Timothy J. Sabo, Esq.  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 E. Van Buren St., Suite 800  
Phoenix, AZ 85004-2262

Re: Follow-up to our Meet and Confer Meeting Concerning Global's Responses  
to Data Requests; Arizona Water Company v. Global Water Resources, et al.,  
Docket No. W-01445A-06-0199

Dear Tim:

This letter responds to your January 9, 2007 letter as part of our on-going discussion growing out of the "meet and confer" at your offices on December 14, 2006 and my letter to you dated December 22, 2006.

**1. Infrastructure Coordination and Financing Agreements ("ICFAs")**

In general, we agree with your description of the documents and information which Arizona Water Company seeks related to Global's ICFAs and Arizona Water Company's related data requests (1.2, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7 and 1.101). In exchange for Global's production of the identified information and documents, Arizona Water Company agrees to provide the requested responses to the Global data requests identified under Category 1 on pages 2-3 of your January 9, 2007 letter.

**2. P3 Agreements**

The Arizona Water Company data requests at issue are 1.8, 1.9, 1.10, 1.11 and 1.14. Your restatement of our requests is confusing and incorrect. Global has asserted that it does not receive any money under the P3 Agreements and therefore your offer to provide "an accounting of any monies received by Global via the P3 Agreements" makes no sense. As stated in my letter of December 22, 2006, Arizona Water Company requests that Global provide an accounting of "the total amount paid to each city as of the current date (or as reasonably close that may be more consistent with Global's accounting methods)."

**Bryan Cave LLP**

One Renaissance Square  
Two North Central Avenue  
Suite 2200  
Phoenix, AZ 85004-4406  
Tel (602) 364-7000  
Fax (602) 364-7070  
www.bryancave.com

Chicago  
Hong Kong  
Irvine  
Jefferson City  
Kansas City  
Kuwait  
Los Angeles  
New York  
Phoenix  
Riyadh  
Shanghai  
St. Louis  
United Arab Emirates (Dubai)  
Washington, DC  
  
And Bryan Cave,  
A Multinational Partnership,  
London

### 3. Global's Ownership and Sources of Equity

The Arizona Water Company data requests at issue are 1.26, 1.50, 1.51, 1.101, 1.102, 1.103 and 1.104. As noted in my December 22, 2006 letter, the crucial issue involves whether ICFA funds were used to provide equity to *Global*, the parent of SCWC and PVUC. Thus, your offer to provide information about the "sources of equity that have been available to SCWC and PVUC" or about "equity contributions from Global to SCWC and PVUC" amounts to misdirection. We also do not understand your attempt to narrow these issues to funds "strictly derived" from ICFAs. The issue concerns all funds derived from ICFAs, whether "strictly" or not. We are asking again that Global provide an accounting of *its* sources of equity and whether that equity derives from ICFA funds. You have also failed to respond to our request that Global provide a reasonable and fair proposal on how to narrow data requests 1.101-1.104 so as lessen the alleged burden.

If Global agrees to address these concerns in a meaningful manner, Arizona Water Company agrees to provide responses to certain of Global's requests listed on page 4 of your January 9, 2007 letter, specifically Global Data Requests 1.53, 1.55, 1.78 and 2.11. Arizona Water Company will continue to stand on its objections to Global Data Requests 1.71 and 1.4.

### 4. Intra-Company Agreements to Sell Effluent

The Arizona Water Company data request at issue is 1.81. During the "meet and confer" on December 14, 2006, you indicated that a intra-company agreement existed between PVUC and SCWC concerning the sale of effluent, and we have asked for a copy of that agreement. Your letter of January 9, 2007 states that "no agreement exists" but that instead an "arrangement" exists as "the result of negotiations with ADWR." To us, the alleged "arrangement" sounds like an "agreement" and we insist that Global provide full documentation concerning the "arrangement."

### 5. Alleged Benefits of Integrated Services

The Arizona Water Company requests at issue are 1.73, 1.91, 1.92 and 1.93. In general, we agree with your restatement of our requests. However, as noted in my December 22, 2006 letter, Arizona Water Company has requested copies of billings by Global Water Management LLC and/or other Global entities to SCWC and PVUC for the services rendered, as well as information about the details of the "market based" prices charged and an accounting of the costs of the common services or facilities shared by SCWC and PVUC. Your statement that providing such an accounting would be burdensome is unpersuasive. If Global cannot provide such an accounting, it should confirm that fact and explain why. If Global will agree to provide the information requested in this section, Arizona Water Company will agree to provide responses to the requests on page 5 of your January 9, 2007 letter.

## **6. Bond Requirement**

The Arizona Water Company requests at issue are 1.56, 2.7, 2.8, 2.9 and 2.10. Global's continued assertion that there are no performance bonds "in place" seems evasive. Please confirm in writing that there are currently no ACC-imposed bond requirements on any of the Global entities.

## **7. Targets for Expansion**

The Arizona Water Company data requests at issue are 1.15, 1.16, 1.25, 1.100, 2.12 and 2.13. Arizona Water Company does not agree to withdraw requests 1.15 and 1.16 (on identifying acquisition targets and purchase offers); this information is directly relevant to questions concerning the financial soundness of Global and its aggressive acquisition strategy. Arizona Water Company also restates that its position that the other information requested is relevant and must be provided by Global. Concerning Global's proposed compromise, Arizona Water Company hereby informs Global that Arizona Water Company has made no acquisitions within the last five years and therefore has no comparable data concerning acquisitions to disclose.

Concerning the compliance filings requested in 2.12 and 2.13, there is no reason to require Arizona Water Company to conduct a fishing expedition at the Commission's counter, and therefore Arizona Water Company again requests that Global provide copies of these public materials. If Global agrees to provide the requested compliance filings, Arizona Water Company will agree to provide the compliance filings sought by Global related to Decisions 66400 and 68302.

## **8. CAAG Plan and Process**

The requests at issue are 1.20, 1.21 and 1.86. We again request that Global, as a gesture of its good faith efforts to resolve these discovery issues, simply provide us with copies of these public documents.

## **9. Hydrological Reports**

The data request at issue is 1.41. Arizona Water Company did not agree at the "meet and confer" session that hydrological reports and information were confidential. Rather, Arizona Water Company has proposed that the parties enter into a confidentiality agreement concerning disclosure of such information by both sides. Please provide us with a proposed agreement including the terms under which Global would make such a disclosure.

## **10. Hill Murray/Canadian Issues**

The requests at issue are 2.23, 2.24, 2.25, 2.26, 2.27 and 2.28. Arizona Water Company maintains its position that the information requested is highly relevant to Global's fitness to serve as a utility service provider and therefore Arizona Water Company will not withdraw these requests.

February 9, 2007

Page 4

Bryan Cave LLP

Please contact me or Rodney Ott as soon as possible 2007 concerning your response to these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "St. A. Hirsch". The signature is written in a cursive, flowing style.

Steven A. Hirsch

H





Steven A. Hirsch  
Certified Real Estate Specialist  
Partner  
Direct: 602-364-7319  
Fax: 602-364-7070  
sahirsch@bryancave.com

February 15, 2007

**VIA FAX 602-256-6800  
AND REGULAR MAIL**

Timothy J. Sabo  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 E. Van Buren St., Suite 800  
Phoenix, AZ 85004-2262

Re: Arizona Water Company v. Global Water Resources, et al., Docket No. W-01445A-06-0199

Dear Tim:

Enclosed is the e-mail version of Arizona Water Company's request for supplemental responses served upon you as counsel for Global this date.

Very truly yours,

  
Steven A. Hirsch

SAH:ct  
enclosure

**Bryan Cave LLP**

One Renaissance Square  
Two North Central Avenue  
Suite 2200  
Phoenix, AZ 85004-4406  
Tel (602) 364-7000  
Fax (602) 364-7070  
www.bryancave.com

Chicago  
Hong Kong  
Irvine  
Jefferson City  
Kansas City  
Kuwait  
Los Angeles  
New York  
Phoenix  
Riyadh  
Shanghai  
St. Louis  
United Arab Emirates (Dubai)  
Washington, DC  
  
And Bryan Cave,  
A Multinational Partnership,  
London

Bryan Cave LLP

February 15, 2007

Page 2

bcc: (via e-mail – w/enc.)  
Robert W. Geake, Esq.  
Rodney W. Ott  
Landon W. Loveland

**Tardy, Cathleen**

---

**From:** Hirsch, Steven  
**Sent:** Thursday, February 15, 2007 3:44 PM  
**To:** 'Tim Sabo'  
**Cc:** bgeake@azwater.com; Ott, Rodney  
**Subject:** Request For Supplementation -- AWC Data Requests to Global (Docket No. W-01445A-06-0199 et al)

Tim:

Global's witnesses' pre-filed testimony dated January 26, 2007 and again rebuttal testimony submitted yesterday afternoon states that Global has now acquired CP Water Company and Francisco Grande Utility Company. Global's witnesses have made a number of assertions in their pre-filed testimony concerning such acquisitions and their effect on Global's application for CCN extension.

Arizona Water Company's First Set of Data Requests dated October 24, 2006, specifically numbers 1.15, 1.16 and 1.100, seek information related to acquisitions of utilities or public service corporations by any of the Global Entities. Global has consistently refused to provide any such information. We again requested such information in our meet and confer meeting at your offices on December 14, 2006 and by follow-up letter dated December 22, 2006. Your January 9, 2007 response repeated Global's objections and refusal to provide this information.

Now that it has been disclosed that Global has apparently acquired CP Water Company and Francisco Grande Utility Company, without waiving its position that there has been an ongoing duty to provide this information in response to the earlier Data Requests propounded in October, Arizona Water Company specifically requests the information set forth in Data Requests 1.15, 1.16 and 1.100 as to any acquisition of CP Water Company and Francisco Grande Utility Company. If this information is not delivered by 5 p.m. on Tuesday, February 20, we will assume that Global persists in its earlier stated objections and will not deliver this information. I will mail and fax this request over as a formal request for supplementation, but wanted to get it into your hands electronically as well.

Steven A. Hirsch  
Bryan Cave LLP  
Two N. Central Avenue  
Suite 2200  
Phoenix, AZ 85004-4406  
602-364-7319  
Fax: 602-364-7070  
[sahirsch@bryancave.com](mailto:sahirsch@bryancave.com)

2/15/2007

**I**

**ROSHKA DEWULF & PATTEN**

ROSHKA DEWULF & PATTEN, PLC  
ATTORNEYS AT LAW  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET  
SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

February 20, 2007

*Via electronic mail and facsimile*

Steven A. Hirsch, Esq.  
Bryan Cave LLP  
Two North Central Avenue, Suite 2200  
Phoenix, Arizona 85004  
602.364.7070 fax  
[sahirsch@bryancave.com](mailto:sahirsch@bryancave.com)

Re: Your letter dated February 15, 2007  
Arizona Water Company / Global Water contested CC&N case  
ACC Docket No. W-01445A-06-0199 et al.

Dear Mr. Hirsch:

You have requested a formal update to the response of Palo Verde Utilities Company and Santa Cruz Water Company (collectively, "Global") to Arizona Water Company's ("AWC") data requests 1.15; 1.16; and 1.100. These data requests involve the acquisition of utilities. You may treat the following as our formal update.

As you are aware, Global Water, Inc. recently acquired the stock of Francisco Grande Utility Company and CP Water Company. These transactions closed on December 31, 2006. The purchases involved 100% of the stock of each company. On January 15, 2007, Global filed an "Acquisition Schedule" reporting on this acquisition in the relevant ACC docket. The Acquisition Schedule is available for public inspection, either in person at the ACC, or on-line through the ACC's "e-Docket" system. Since you have complained about the supposed difficulty of locating items through the e-Docket system, as a courtesy, I have attached a copy of the Acquisition Schedule as Exhibit 1.

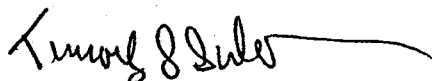
Global's direct and rebuttal testimony discusses the benefits of these acquisitions at length. I trust that you are not demanding that we repeat that information here. In addition, Global's testimony explains that these acquisitions would not have been possible without the use of Infrastructure Coordination and Financing Agreements ("ICFAs"). A copy of the relevant ICFA will be filed in the Pinal County Recorder's Office. For your convenience, a copy of this ICFA is attached as Exhibit 2.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.  
February 20, 2007  
Page 2 of 2

The remaining information you request, such as the purchase price of the stock, is highly confidential, as explained in my letter to you dated January 9, 2007.

Very truly yours,  
ROSHKA DEWULF & PATTEN

A handwritten signature in black ink, appearing to read "Timothy J. Sabo", followed by a long horizontal flourish.

Timothy J. Sabo  
Attorneys for Global

TJS/llf  
Enclosures;

**B**

BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

Mike Gleason, Chairman  
William A. Mundell  
Jeff Hatch-Miller  
Kristin K. Mayes  
Gary Pierce

IN THE MATTER OF THE APPLICATION OF  
ARIZONA WATER COMPANY, AN ARIZONA  
CORPORATION, TO EXEND ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY IN THE CITY OF CASA GRANDE  
AND IN PINAL COUNTY, ARIZONA

Docket No. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION OF  
PALO VERDE UTILITIES COMPANY FOR AN  
EXTENSION OF ITS EXISTING CERTIFICATE  
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY FOR AN  
EXTENSION OF ITS EXISTING CERTIFICATE  
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-05-0926

**GLOBAL UTILITIES' RESPONSE TO  
ARIZONA WATER COMPANY'S  
MOTION TO COMPEL**

**AND**

**CROSS-MOTION TO COMPEL**

**AND**

**CROSS-MOTION FOR PROTECTIVE ORDER**

Santa Cruz Water Company, LLC; Palo Verde Utilities Company, LLC; Global Water –  
Santa Cruz Water Company and Global Water – Palo Verde Utilities Company (collectively,  
“Global Utilities”) respond Arizona Water Company’s (“AWC”) Motion to Compel. If AWC’s



1 motion is granted, the Global Utilities move that AWC also be compelled to disclose certain  
2 information and that the Commission enter a protective order to protect the confidentiality of the  
3 materials to be disclosed to AWC.

4 **I. Preliminary Statement.**

5 AWC is the major competitor to the Global Utilities, and AWC is locked in several intense  
6 disputes with the Global Utilities. For this reason, the Global Utilities are intensely concerned  
7 about the disclosure of competitively sensitive financial information to their chief rival, AWC.  
8 Despite these concerns, the Global Utilities have throughout several dockets provided AWC with  
9 an extraordinary level of access to their records. For example, the Global Utilities have provided  
10 copies of all Infrastructure Coordination and Financing Agreements ("ICFAs"), and they have  
11 agreed to disclose the total proceeds their parent company, Global Water Resources, LLC ("Global  
12 Parent") will receive from ICFAs in the extension area. The Global Utilities also provided the  
13 purchase price for all utilities acquired by Global Parent in the last few years – information that  
14 Global Parent had carefully safeguarded for some time out of a deep concern that its disclosure  
15 would impair Global's Parent's ability to consolidate water and wastewater companies. In  
16 addition, the Global Utilities have allowed AWC to inspect the accounting journal entries for the  
17 Global Utilities. This is an extraordinary level of access to grant a major competitor. Yet AWC  
18 demands still more.

19 Much of the information sought by AWC is highly confidential and competitively sensitive  
20 information. For example, AWC demands that Global Parent disclose the identities of utilities that  
21 *may be* acquired in the future. In addition, AWC demands extensive financial information  
22 concerning Global Parent – even though Global Parent is not a party to this case. Ironically, while  
23 requesting this information from Global, AWC has refused to disclose any financial information  
24 about its own parent companies.  
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26  
27

1 Ironically, AWC's own responses to data requests have been less than forthcoming.  
2 Indeed, in some cases, AWC's response is the same response to the same question that AWC is  
3 now challenging in the motion to compel. Copies of AWC's responses to data requests are  
4 attached as Exhibits B, C, and D. If AWC's motion is granted, the Global Utilities move that  
5 AWC be compelled to provide answers to certain similar data requests.

6 Lastly, in the event that the Commission compels the Global Utilities to disclose certain  
7 confidential and competitively sensitive information to AWC, the Global Utilities request that the  
8 Commission adopt a protective order with stringent safeguards to prevent AWC from misusing  
9 this data and limiting access to the data.

10 **II. Threshold Issues.**

11 Although the Global Utilities are providing a complete response to AWC's Motion to  
12 Compel, there are two threshold issues which should prevent AWC's motion from being  
13 considered. First, AWC failed to attach the required separate statement of counsel. Under the  
14 Commission's rules, motions to compel are governed by Arizona Rule of Civil Procedure 37(a).<sup>1</sup>  
15 That rule requires that "no motion brought under this rule will be considered or scheduled unless a  
16 separate statement of moving counsel is attached thereto certifying that, after personal consultation  
17 and good faith efforts to do so, counsel have been unable to satisfactorily resolve the matter."<sup>2</sup>  
18 Because AWC failed to attach the required statement, its motion should not be considered.  
19 Moreover, the purpose of this rule is to encourage consultation between counsel. The last  
20 discovery conference was in December, and the last letter concerning discovery was several  
21 months ago. Indeed, the Global Utilities are willing to agree to several of the requests made by  
22 AWC.

23 ...

24 ....

25 \_\_\_\_\_  
26 <sup>1</sup> Incorporated by reference and adopted for Commission proceedings by A.A.C. R14-3-101(A)  
and R14-3-106(K).

27 <sup>2</sup> Ariz.R.Civ.Pro. 37(a)(2)(C).

1 Second, this matter is stayed. The Commission's Procedural Order states that "AWC's  
2 Motion to Stay was granted pending further Order of the Commission."<sup>3</sup> AWC's Motion to Stay  
3 specifically states that "the Commission should not proceed in this docket until it has rendered a  
4 decision"<sup>4</sup> in the Formal Complaint proceeding.<sup>5</sup> AWC also stated that the "Commission cannot  
5 render a legitimate, enforceable decision in this docket until it first resolves the issues raised in  
6 Arizona Water Company's Formal Complaint" and that "the Complaint Docket is the appropriate  
7 docket to review these issues, but only on the condition that the proceedings in this docket  
8 continue to be stayed until a decision is rendered in the Complaint Docket."<sup>6</sup>

9 The Global Utilities vigorously opposed AWC's Motion to Stay. The Global Utilities  
10 continue to believe that this case should be set for hearing at the earliest opportunity.  
11 Unfortunately, AWC was successful in obtaining a stay. It must now live with the consequences  
12 of that stay. A stay is defined as the "postponement or halting of a proceeding."<sup>7</sup> Because this  
13 proceeding is halted, no further discovery can occur. Indeed, AWC reached the same conclusion  
14 as evidenced in an earlier pleading in this case, where AWC stated that it could not pursue  
15 discovery in the Formal Complaint case while that case was stayed.<sup>8</sup> AWC argued that because of  
16 the stay in that case, no discovery could proceed until the stay was lifted.<sup>9</sup> The same should be  
17 true here.

18 AWC notes that the discovery it seeks may be useful in the Formal Complaint proceeding.  
19 The Global Utilities have agreed that existing discovery responses in this case can be used in the  
20 Formal Complaint case. However, as long as the stay in this case remains in place, further  
21 discovery in this case should cease. AWC can obtain any additional information it needs (and to  
22

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23 <sup>3</sup> Procedural Order dated March 6, 2007 at 5.

24 <sup>4</sup> AWC Motion to Stay filed March 30, 2007 at 1.

25 <sup>5</sup> Docket No. W-01445A-06-0200 et al.

26 <sup>6</sup> AWC Motion to Stay filed March 30, 2007 at 7-8.

27 <sup>7</sup> *Black's Law Dictionary* (7<sup>th</sup> ed. 1999).

<sup>8</sup> AWC "Response to Global's Comments Regarding Procedural Schedule" filed April 27, 2007 at

<sup>9</sup>

<sup>9</sup> Id.

1 which it is entitled) in the Formal Complaint case through discovery in that case.<sup>10</sup> AWC has not  
2 articulated any rationale as to why discovery should proceed in this case rather than the Formal  
3 Complaint case. This case has not been consolidated with the Formal Complaint case. Indeed,  
4 AWC specifically opposed the Global Utilities' request that this docket be consolidated with the  
5 Formal Complaint case.<sup>11</sup>

6 **III. ICFAs.**

7 The first area in dispute concerns ICFAs. The Global Utilities gave AWC copies of all  
8 ICFAs.<sup>12</sup> In addition, the Global Utilities have agreed to calculate the total expected proceeds  
9 from ICFAs in the extension area.<sup>13</sup> AWC seeks highly detailed information regarding the  
10 accounting for ICFAs including "descriptive journal entries used by any affiliate to record payment  
11 or any transfers of ICFA funds to the affiliate."<sup>14</sup> The Global Utilities have agreed to provide  
12 AWC with access to the Global Utilities' journal entries.<sup>15</sup> AWC already spent one day inspecting  
13 these records, and they have scheduled additional inspections. Providing such access to a  
14 competitor is remarkable. AWC does not explain why it needs further information. Indeed, AWC  
15 has not even explained exactly what additional information it seeks. To the extent AWC seeks  
16 access to parent-level information, such information is highly confidential and should not be  
17 provided to a competitor (See Part V below for further information).

18 In addition, AWC seeks drafts of ICFAs and correspondence and communications relating  
19 to ICFAs. AWC asserts, without explanation, that access to such information is "directly  
20 relevant." To the contrary, such materials are not relevant nor are they reasonably calculated to  
21 lead to the discovery of admissible evidence. This is not, for example, a contract dispute where  
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23  
24 <sup>10</sup> Global will however reiterate its substantive objections to the type of information requested in  
the Motion to Compel, regardless of the procedural status of the case in which filed.

25 <sup>11</sup> Id. at 5.

26 <sup>12</sup> Global Utilities' Supplemental Response dated May 9, 2007.

27 <sup>13</sup> Global Utilities' Response to AWC 4.19, dated March 16, 2007.

<sup>14</sup> AWC Data Request 1.101

<sup>15</sup> Global Utilities' Response to AWC 4.7.

extrinsic evidence might be relevant to contract interpretation. The ICFAs have been provided, and they govern the relationship between Global Parent and the developers who have voluntarily signed ICFAs. Drafts, letters, emails and the like have no relevance. Moreover, the requested materials are likely voluminous, and locating such materials, reviewing them for privilege issues, and then copying and producing them to AWC would be unduly burdensome and expensive.<sup>16</sup> In addition, AWC has failed to provide information about contacts with landowners to the Global Utilities.<sup>17</sup> Specifically, AWC claimed that it did not know which landowners signed ICFAs, even though it was provided a list, and even though it was later provided with copies of all the ICFAs.

A summary of each of the disputed data requests concerning ICFA follows:

AWC Number	Topic	Global Utilities' Response
1.1	List of property owners contacted	Provided list of all property owners who have signed ICFAs; any further information is not relevant and would be unduly burdensome and expensive to produce; AWC has not disclosed similar information
1.2	Information about contacts with property owners	See above; additional information about contacts provided in the Direct Testimony of Cindy Liles (at 4-8)
1.3	Correspondence and drafts concerning ICFAs	See 1.1 above
1.4	Same and oral communications	See 1.1 above
1.5	Copies of all ICFAs and drafts	Copies of all ICFAs provided; drafts not relevant and unduly burdensome and expensive
1.6	Maps showing ICFA areas	The Global Utilities agree to provide this information
1.7	Accounting of monies received or to be received	The Global Utilities have agreed to provide some of this information for the extension area; the Global Utilities have also provided access to their accounting journal entries; access to parent level accounting is not appropriate or relevant

<sup>16</sup> See Arizona Rule of Civil Procedure 26(b)(1)(stating that the court may limit discovery when the discovery is unduly burdensome or expensive, given the needs of the case, the amount in controversy, limitations on the parties resources, and the importance of the issues at stake in the litigation.”)

<sup>17</sup> AWC Response to Global 1.12.

1.101	ICFA payments and journal entries	See 1.7 above
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**IV. Public Private Partnerships.**

AWC also objects to a number of data responses involving Public Private Partnerships (P3s) with the Cities of Casa Grande and Maricopa. AWC complains that that the Global Utilities did not provide a copy of the agreement with the Ak-Chin Indian Community. The Ak-Chin letter of understanding is a very different document than the much more detailed P3 agreements. For example, the Ak-Chin letter does not provide for any payments by any Global entity, and it does not contemplate any Global entity providing service on Ak-Chin lands. For these reasons, the Global Utilities did not consider the letter to be a P3. Regardless, AWC clearly has a copy of the letter, which was marked as an exhibit and discussed at length in a recent deposition in the Formal Complaint case.

AWC also objects that it was not provided copies of the P3s. AWC attached a copy of the Casa Grande P3 to its complaint in the Formal Complaint case. Moreover, a letter attached to AWC's motion contradicts its claim. AWC's letter stated that if the Global Utilities confirm that the only P3s are with Casa Grande and Maricopa "we do not need copies of these documents (or we may ask you to confirm that our copies are correct.)"<sup>18</sup> Thus, the Global Utilities assumed that AWC had the P3s. As that apparently is not the case, the Global Utilities will deliver copies of the Casa Grande and Maricopa P3s to AWC's counsel.

AWC also claims that it agreed to the Global's Utilities' discovery proposals and the Global Utilities then failed to live up to their agreement. Even a cursory examination shows that this is not the case. In January, counsel for the Global Utilities sent a letter containing a detailed counter-offer as to how to address the discovery disputes pending between the parties.<sup>19</sup> The letter noted that this counter-offer was contingent on AWC withdrawing certain data requests.<sup>20</sup> A

<sup>18</sup> Letter from AWC's counsel dated December 22, 2006 at 2 (attached to AWC Motion to Compel as Exhibit E).

<sup>19</sup> See Exhibit F to AWC's Motion to Compel.

<sup>20</sup> Id. at 1.

1 month later, AWC responded by continuing to insist on many of the disputed data requests.<sup>21</sup>  
2 Because the counter-offer was not accepted, the Global Utilities did carry out the proposals in the  
3 January letter.

4 AWC also requests copies of letters, emails, drafts and the like. AWC has not explained  
5 the relevance of such materials. As with similar requests concerning ICFAs, such materials are not  
6 relevant, and would be unduly burdensome and expensive to produce.

7 A summary of the disputed data requests follows:

9 AWC 10 Number	Topic	The Global Utilities' Response
11 1.8	Contacts, emails, meetings, etc. with cities and other governmental entities	Not relevant and unduly burdensome and expensive
12 1.9	Date and manner of contact	See 1.8 above
13 1.10	Correspondence and communications regarding P3s	See 1.8 above
14 1.11	Same and oral communications	See 1.8 above
15 1.12	Copies of Agreements and drafts	Copies of agreements will be provided; drafts are not relevant and are unduly burdensome and expensive
16 1.13	Maps of P3 Areas	Maps are attached to copies of the P3s
17 1.14	Monies paid to cities	The Global Utilities agree to provide the amounts paid to each city

19 **V. Global Parent's ownership and equity.**

20 The Global Utilities have fully disclosed the ownership of each utility ultimately owned by  
21 Global Parent.<sup>22</sup> In addition, they disclosed the owners of Global Parent.<sup>23</sup> The Global Utilities  
22 also disclosed information about their capital distributions and dividend policy.<sup>24</sup> The Global  
23  
24

25 <sup>21</sup> See Exhibit G to AWC's Motion to Compel.

26 <sup>22</sup> Global Utilities' Response to AWC 1.23.

27 <sup>23</sup> Id.; See also Direct Testimony of Trevor T. Hill at Ex. 1.

<sup>24</sup> Global Utilities' Response to LJ 1.8 and 1.9.

1 Utilities also agreed to let AWC inspect their journal entries regarding equity.<sup>25</sup> AWC demands  
2 yet more information, including highly confidential and competitively sensitive information  
3 regarding Global Parent. But at the same time AWC refused to provide financial statements and  
4 other financial data concerning its parent companies.<sup>26</sup> AWC also did not provide other  
5 information about its affiliates.<sup>27</sup> AWC is even unwilling or unable to state who owns its ultimate  
6 parent company.<sup>28</sup>

7 AWC and the Global Utilities both seek CC&N extensions in this docket. If financial  
8 matters concerning utility parent companies are relevant, then information about AWC's parents is  
9 relevant. AWC has not provided such information, and it should not be able to compel the Global  
10 Utilities to provide similar information. Moreover, AWC has repeatedly stated that information  
11 about its own parent companies is not relevant. Parent-level financial information is not used to  
12 set rates. There is no need for this information in this proceeding.

13 In addition, the information AWC seeks is highly confidential and competitively sensitive.  
14 Gaining access to a competitor's confidential financial data creates an unfair competitive  
15 advantage. Therefore, competitors should not be given access to such data. *See Arizona Portland*  
16 *Cement Co. v. Arizona State Tax Court*, 185 Ariz. 354, 357, 916 P.2d 1070, 1073 (App. 1995). In  
17 *Arizona Portland Cement*, the court found that sensitive financial data should not be provided to  
18 competitors, even when that information is available to government agencies. The case involved a  
19 statute regarding confidentiality of tax court information. A similar statute applies to information  
20 provided to the Commission. *See* A.R.S. § 40-204. In addition, the Commission's rules provide  
21 that affiliate financial information is confidential and should not be disclosed to the public.  
22 A.A.C. R14-2-802(B).

25 Global Utilities' Response to AWC 4.7.

26 AWC Response to Global 1.53; 1.54, 1.66, 1.67, 1.68, 1.71 and 3.2.

27 AWC Response to Global 2.13 and 2.15.

28 AWC Response to Global 1.4.



A similar case is *Federal Trade Comm'n v. Crowther*, 430 F.2d 510, 515-16 (D.C. Cir. 1970). That case concerned a policy of the FTC that it would not allow competitors "to rummage at will though the confidential business files" of another competitor, even if the competitors were litigating an administrative proceeding. When the FTC decided to relax that policy, the court overturned the FTC's decision as insufficiently supported. *Id.*

In this case, financial information about the Global Utilities' unregulated affiliates is protected by both statute and rule. AWC has refused to provide financial information about its own affiliates. The Global Utilities should not be required to turn this highly sensitive information over to their main competitor.

A summary of the disputed data requests follows:

AWC Number	Topic	The Global Utilities' Response
1.26	Transfers of Ownership	Current ownership provided; past transfers not relevant
1.50	Sources of Equity	Extensive information regarding Global Utilities provided, including access to journal entries; information regarding unregulated affiliates competitively sensitive
1.51	Schedule equity regarding	See 1.50 above
1.101	ICFA payments	See 1.50 above; see also section III above
1.102	List of capital transactions	See 1.50 above
1.103	Financial information regarding each development	See 1.50 above; in addition AWC declined to provide section-by-section information even though it requests development-by-development information <sup>29</sup>
1.104	Same	See 1.103 above

## **VI. Effluent Agreement**

The Global Utilities do not make the "agreement versus arrangement" distinction referred to by AWC. The confusion seems to come from the fact that AWC requested agreements relating

<sup>29</sup> See AWC Response to Global 1.78

1 to the sale of reclaimed water. There is an inter-affiliate agreement regarding access to reclaimed  
2 water, but it does not involve any sales. To clear up any confusion, this agreement will be  
3 provided to AWC.

4 **VII. Benefits of Integrated Services.**

5 The Commission has considered the benefits of integrated utilities on many occasions,  
6 such as the Woodruff case. And the Global Utilities have provided extensive testimony regarding  
7 the benefits of integrated water and wastewater services, as well as the benefits of having  
8 employees employed by Global Water Management.<sup>30</sup> In addition, the Global Utilities provided  
9 extensive additional information to Staff about these topics.<sup>31</sup> AWC seems to be asking for  
10 confirmation that an exact quantification of these benefits would be difficult to provide. The  
11 Global Utilities agree that preparing an exact quantification would be very difficult.

12 **VIII. Acquisition Targets.**

13 AWC requests information about past and future acquisitions by Global Parent. The  
14 Global Utilities provided full information, including purchase prices, for all completed  
15 transactions.<sup>32</sup> Information regarding potential future acquisitions is competitively sensitive  
16 confidential information. Such information should not be provided to a competitor.<sup>33</sup> In addition,  
17 Santa Cruz Water Company is now a "Class A" utility. Accordingly, future acquisitions will  
18 require a waiver or approval by the Commission.<sup>34</sup>

19 AWC states that the Global Utilities seek to use their acquisitions as support for their  
20 application in this case. But the Global Utilities clearly committed to withdraw any such  
21 argument, a result which Staff found to be "satisfactory."<sup>35</sup>

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24 <sup>30</sup> See Direct Testimony of Trevor T. Hill at 11-13; Rebuttal Testimony of Trevor T. Hill at 10-13;  
Direct Testimony of Cindy Liles at 9-15; Rebuttal Testimony of Cindy Liles at 13-16.

25 <sup>31</sup> Global Utilities' Response to LJ 1.1; 1.10; and 1.14.

26 <sup>32</sup> Global Utilities response to AWC 1.23 and 4.6.

27 <sup>33</sup> See discussion and cases cited in Section V above.

<sup>34</sup> A.A.C. R14-2-805; R14-2-806.

<sup>35</sup> Procedural Conference Tr. at 53 (February 28, 2007).

1 A summary of the disputed data requests follows:

AWC Number	Topic	The Global Utilities' Response
1.15	Identity of past and future acquisitions	Past acquisitions fully disclosed; future acquisitions competitively sensitive.
1.16	Purchase Prices	Purchase prices of past acquisitions fully disclosed; future acquisitions competitively sensitive; in addition, purchase prices may not be known until late in acquisition process
2.12	Acquisition schedules or reports	Publicly available through "e-Docket" system; additional copies will be delivered to AWC's counsel
2.13	Same	See 2.12 above

9 **IX. CAAG Plans.**

10 AWC objects that the Global Entities referred AWC to public records to obtain their  
11 current, approved CAAG Section 208 plan amendment. In fact, AWC has referred the Global  
12 Utilities to public records on numerous occasions.<sup>36</sup> Moreover, AWC submitted comments to  
13 EPA on this amendment and referred to various provisions of it, so presumably they have reviewed  
14 it. However, to avoid further disputes, the Global Utilities will provide a copy of Palo Verde's  
15 current, approved CAAG Section 208 plan amendment.

16 **X. Hydrological Reports.**

17 AWC requests copies of the Global Utilities' hydrological reports related to the extension  
18 area. AWC has had a full opportunity to submit data requests to the Global Utilities' hydrological  
19 expert in this case and to explore the basis of the hydrological testimony and reports submitted by  
20 the Global Utilities. In addition, AWC did not provide any of its reports, contending that none of  
21 its reports (even for the Casa Grande system) are of any relevance.<sup>37</sup> Moreover, many of the  
22 hydrological reports that are not on file with ADWR or other agencies would have been  
23 proprietary reports prepared in anticipation of administrative litigation or proceedings at ADWR or  
24 elsewhere, and would accordingly be subject to the work-product doctrine. In addition, AWC has

26 <sup>36</sup> See AWC Response to Global 1.33, 1.34, 1.35, 1.36, 1.39, 1.44.

27 <sup>37</sup> See AWC Response to Global 1.40.

its own hydrological experts and it does not need to depend on the Global Utilities' proprietary reports.

**XI. Hill, Murray issues.**

AWC attempts to dredge up old, isolated incidents of issues concerning a company (Hill, Murray & Associates or "HMA") in which several Global Utilities officers were involved with in Canada. The Commission fully investigated and considered these issues on several occasions. These issues have been resolved to the Commission's satisfaction, and AWC should not be allowed to collaterally attack these previous Commission rulings. A.R.S. § 40-252 states that "in all collateral actions or proceedings, the orders and decisions of the commission which have become final shall be conclusive."

The issues surrounding Hill, Murray & Associates ("HMA") were fully litigated by Palo Verde, Santa Cruz and Staff in Docket Nos. SW-03575A-03-0586 et al. The Commission stated in Decision No. 67240 (September 15, 2004):

In its Supplemental Staff Report (Ex. S-2), Staff reported that it had become aware that principals with [Global Water Resources] had previously operated an entity called Hill, Murray & Associates ("HMA") in Canada, and that HMA had been involved in two projects, the Power River Wastewater Treatment Plant ("Powell River") and Iqaluit Wastewater Treatment Plant ("Iqaluit"), where problems with the designs of the plants had surfaced. Staff attached to the Supplemental Staff Report a number of reports and newspaper articles that described alleged problems with the Powell River and Iqaluit projects.<sup>38</sup>

That Decision contains a detailed discussion of the facts and circumstances surrounding HMA, Powell River and Iqaluit. Further findings were made regarding the problems at both Powell River and Iqaluit.<sup>39</sup> The decision details Mr. Hill's testimony about the circumstances surrounding the issues at both Powell River and Iqaluit.<sup>40</sup> Staff made several recommendations in light of the issues at Powell River and Iqaluit, including increasing the bond requirements to

<sup>38</sup> Decision No. 67240 at 3:28 – 4:6, and Finding of Fact No. 28 (10:19-24).

<sup>39</sup> Id. at Finding of Fact Nos. 35, 36 (12:4-14).

<sup>40</sup> See Decision No. 67240 at Finding of Fact No. 37.

1 \$750,000 each for Santa Cruz and Palo Verde. The Commission, after hearing from both Staff and  
2 Mr. Hill, adopted Staff's recommendations and ordered the following:

- 3 • Palo Verde and Santa Cruz must show maintenance of the performance  
4 bonds every quarter (January 15, April 15, July 15, October 15);
- 5 • GWR must file acquisition schedules describing each acquisition it makes  
6 in a utility, signed under oath and under penalty of perjury by at least two  
7 GWR officers;
- 8 • Palo Verde and Santa Cruz must submit quarterly reports documenting  
9 compliance with all Arizona Department of Environmental Quality,  
10 Arizona Department of Water Resources, and Commission requirements,  
11 signed under oath and under penalty of perjury by at least two GWR  
12 officers;

13 The Commission affirmed those conditions when it awarded a CC&N extension to both Palo  
14 Verde and Santa Cruz in Decision No. 67830 (May 5, 2005).

15 Further, in Decision No. 68186 – a supplemental opinion and order regarding performance  
16 bond requirements – the Commission amended the bond requirements for Palo Verde and Santa  
17 Cruz so that they would expire on September 23, 2006. The Commission made this adjustment  
18 because Palo Verde and Santa Cruz “have demonstrated that they are financially sound, they are  
19 employing and retaining qualified personnel to maintain operations, and they are providing service  
20 to customers in a manner that is consistent with the public interest.”<sup>41</sup> Mr. Hill testified again in  
21 that docket about the HMA issues in light of the Global Utilities’ request to change the  
22 performance bond requirements in Decision No. 67240. The Commission directly addressed the  
23 HMA issues stating “[given] the past concerns raised regarding the Canadian projects managed by  
24 GWR’s principals, we believe that Staff’s recommendation to require maintenance of the current  
25 performance bonds for a period of two years from the effective date of Decision No. 67240 is  
26 reasonable and should be adopted.”<sup>42</sup> Those two years have expired, and the bond requirement is  
27

<sup>41</sup> Decision No. 68186 at 6:8-12.

<sup>42</sup> Id. at 6:5-8.

1 therefore no longer in effect. The Commission has approved additional CC&Ns without requiring  
2 any bonds. See Decision No. 68448 (Feb 2, 2006).

3 In short, the Commission has fully investigated and addressed the issues regarding HMA.  
4 The Commission, with ample testimony and ample Staff input imposed conditions on the Global  
5 Utilities. The Global Utilities met those conditions. The Commission determined, after full  
6 deliberation on the HMA issues, that both Santa Cruz and Palo Verde are fit and proper entities.<sup>43</sup>  
7 AWC now wants to re-open these issues in its attack on Palo Verde and Santa Cruz not being fit  
8 and proper. These are collateral attacks on Decision Nos. 66394, 67240, 67830 and 68186. Such  
9 attacks are prohibited under A.R.S. § 40-252.

10 Because Arizona law prohibits collateral attacks on Commission decisions, and because  
11 AWC seeks to bring up issues already litigated in prior Commission proceedings, the HMA issues  
12 are neither relevant nor likely to lead to the discovery of admissible evidence.

13 **XII. Cross-Motion to Compel.**

14 In the event that AWC's motion to compel is granted in whole or part, then the  
15 Commission should also compel AWC to answer numerous data requests. AWC's responses to  
16 Global's data requests are attached as Exhibits B, C, and D. The requests that AWC has not  
17 answered, or has not provided an adequate answer, are briefly summarized below:

18 **Global 1.6** (civil litigation) AWC objected to providing a list of civil litigation it has been  
19 involved in over the past 10 years on relevance grounds. Civil litigation in which AWC has been  
20 involved goes directly to its fitness to serve, especially any litigation that concerns the quality and  
21 reliability of its service. Without knowing what litigation AWC has been embroiled in, the Global  
22 Utilities and the Commission cannot – with full knowledge – know whether AWC is truly fit to  
23 serve.

24 **Global 1.7** (litigation with ADWR) AWC also objected to this request on relevance  
25 grounds. Litigation with ADWR directly concerns the quantity of water available to serve and  
26

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27 <sup>43</sup> See Decision Nos. 66394, 67240, 67830 (affirmed in Decision No. 68186).

1 water conservation and management efforts. It is directly pertinent for the Global Utilities to  
2 request of AWC publicly available information where AWC has made its position known on these  
3 important issues. Further, AWC is the best source for its own pleadings, motions and documents  
4 it has filed with the courts.

5 **Global 1.8** (litigation with Casa Grande) AWC also objected to this request on relevance  
6 grounds. AWC indicates, however, in several requests that the City of Casa Grande would provide  
7 wastewater service to AWC's requested extension area within city limits. AWC also mentions that  
8 it is working with the City of Casa Grande for its Water Resource Master Plan, which AWC also  
9 states includes its reclaimed water facilities. But AWC has sued the City of Casa Grande over  
10 using reclaimed water. AWC's relationship with potential wastewater providers is directly relevant  
11 to the public interest, especially considering the Global Utilities' willingness and ability to provide  
12 integrated water and wastewater service.

13 **Global 1.9 and 1.10** (Woodruff issues) These both concern AWC's involvement and  
14 appeal of the "Woodruff Decision" (Decision No. 68453). Many of the issues in that case –  
15 particularly whether integrated water and wastewater service is in the public interest – are the same  
16 as in this case. As a result, AWC's appeal and the outcome may have a direct impact on this case.  
17 Similarly, AWC's responses to Staff or other parties' requests in that case have a direct impact on  
18 the issues and AWC's positions in this case. Data requests are not docketed and AWC is the best  
19 source for information it provided in response to such requests, so it is clearly in possession and  
20 control of that information. AWC's objections on relevance grounds are "not well taken" to use  
21 AWC's own phraseology.

22 **Global 1.11** (Communications with ADWR) AWC responded that no written  
23 communications exist; the question asked for all communications between AWC and ADWR  
24 regarding the extension area requested by AWC. This answer is incomplete and AWC should  
25 provide summaries of all communications (including oral communications). If there are no  
26 communications, then AWC should so indicate.

1           **Global 1.19** (reclaimed water experience) AWC objects as improper “because it is not  
2 required to generate narrative histories” to describe its experience, efforts and achievements in  
3 providing reclaimed water service. AWC is required to answer the question because it relates to  
4 relevant issues for the hearing (*i.e.* efforts to conserve groundwater). The question is simply to  
5 describe AWC’s actions and experience in placing reclaimed water facilities in operation.

6           **Global 1.25** (recharge wells) AWC makes the same objection it did to **Global 1.19** –  
7 regarding developing recharge wells. This information is also clearly relevant to preserving  
8 groundwater resources and what is in the public interest. So, the same justification exists to  
9 compel AWC to respond to this request.

10           **Global 1.33** (Groundwater Pumped for each AWC System for each of the past five years.);  
11 **Global 1.34** (Groundwater Sold for each AWC System for each of the past five years.); **Global**  
12 **1.35** (Groundwater Pumped per Customer for each AWC System for each of the past five years.);  
13 **Global 1.36** (Groundwater Sold per Customer for each AWC System for each of the past five  
14 years.); **Global 1.44** (Total Amount of Water Sold for each of the Past five years.) AWC  
15 responded to the above data requests by indicating that the data is on file with the ACC or other  
16 agencies. AWC asks that the Global Utilities be compelled to provide publicly-available  
17 information to AWC. AWC should be required to provide similar publicly-available information  
18 to the Global Utilities, to make sure that the Global Utilities have the updated and correct  
19 information (this is the excuse AWC made to the Global Utilities as to why AWC needed them to  
20 provide publicly-available information to AWC).

21           **Global 1.37** (Amount of Groundwater Pumped per capita for each AWC System for each  
22 of the past five years.); **Global 1.38** (Amount of Groundwater Sold per capita for each AWC  
23 System for each of the past five years.) **Global 1.45** (Calculating “gallons per capita per day” per  
24 ADWR methods for each AWC System for each of the past five years.) AWC objected to these  
25 requests because it said “it cannot provide the calculation[s] requested.” AWC did not state why it  
26 could not provide those calculations and did not object on any other grounds. The calculations are  
27 relevant to the issue of groundwater use for AWC’s proposed extension area and conservation.



1           **Global 1.39** (Providing well data for each well in the AWC Casa Grande system –  
2 including pumping rate, the amount pumped, and water level for each well.) AWC indicated that  
3 its well data is on file at ADWR, specifically in well drilling applications or annual updates. See  
4 1.33 – 1.36 above.

5           **Global 1.53** (financial statements) AWC objected to providing financial statements for  
6 AWC's affiliates and holding companies on relevance grounds and that it is information not likely  
7 to lead to discovery of admissible evidence. If the financial information of the Global Utilities'  
8 affiliates is relevant, so to is the financial information of AWC's affiliates. Either affiliate  
9 financial information is relevant or it is not.

10           **Global 1.55** (sources of equity) AWC provides no explanation to what it means by "paid-  
11 in-capital" regarding indicating sources of equity available to AWC. An explanation about that is  
12 warranted to consider AWC's asserted ability to serve the extension area.

13           **Global 1.66** (Federal Income Tax Returns); **Global 1.67** (State Income Tax Returns);  
14 **Global 1.70** (Insurance Policies) AWC objected to these requests on relevance grounds and that  
15 these requests are not likely to lead to the discovery of admissible evidence. This information goes  
16 to fitness for AWC to serve its proposed extension area.

17           **Global 1.71** (Inter-Company Charges) AWC objects on confidentiality grounds only. If  
18 the Global Utilities are compelled to disclose financial information regarding affiliates, AWC  
19 should be compelled to provide this information.

20           **Global 1.78** (projections for extension area) AWC objected to providing an indication of  
21 whether its requested extension area is expected to be developed or undeveloped by December 31,  
22 2011. AWC objected to this request on relevance grounds and on stating that it was "burdensome  
23 and oppressive and overbroad." AWC should be compelled to provide this information if the  
24 Global Utilities are compelled to respond to AWC 1.103.

25           **Global 1.95** (wastewater discussions) AWC provided no documentation or description of  
26 any discussions concerning providing wastewater service to AWC's requested extension area.  
27 AWC merely refers Global – through **Global 1.94** – to its response to Staff's Data Request No. LJ

1 1.5. That response indicates only that AWC anticipates that the City of Casa Grande and  
2 Southwest Water Company (AWC's "business associate") may provide wastewater service, or that  
3 another qualified wastewater service may do so. AWC's response is insufficient. To the extent  
4 the Global Utilities are compelled to produce documentation of contacts, emails, and  
5 communications regarding ICFAs or P3s, AWC should be compelled to provide this information.

6 **Global 2.4** (financial analysis) AWC indicated that it did not do any financial analysis with  
7 respect to serving AWC's extension area. AWC also indicated that no AWC consultant or agent  
8 conducted such an analysis. AWC did not explain why such an analysis was not conducted. AWC  
9 complains that the Global Utilities did not create new financial analyses regarding integrated  
10 utilities – if the Global Utilities are compelled to create such information, AWC should be  
11 compelled to respond to this data request.

12 **Global 2.5** (cost per EDU) AWC indicated that it did not do any cost estimate per  
13 equivalent dwelling unit ("EDU") in its requested extension area. AWC did not explain why such  
14 an analysis was not conducted. See Global 2.4 above.

15 **Global 3.2** – AWC objected to providing audited financial statements for each entity listed  
16 in response to **Global 1.3** (*i.e.* San Gabriel Valley Water Company, Utility Investment Company,  
17 Rosemead Properties, Inc., United Resources, Inc.) on relevance grounds. AWC added a self-  
18 serving statement that it does not engage in "improper and non-traditional financing schemes being  
19 investigated by the Commission and other parties." AWC confuses the investigation of non-  
20 traditional financing with the CC&N proceeding that explores the fitness to serve. AWC is  
21 applying for a CC&N, which puts its fitness as a public service corporation at issue. If financial  
22 information regarding the Global Utilities affiliates is relevant to their fitness, so too is information  
23 regarding AWC's affiliates. If the Global Utilities are compelled to provide financial information  
24 regarding their affiliates, then AWC should be compelled to do the same and to answer this data  
25 request.

26 ...

27 ...

1 **XIII. Cross-Motion for Protective Order**

2 The Global Utilities believe that their main competitor, AWC, should not be granted access  
3 to competitively sensitive information such as future acquisition targets and affiliate financial  
4 information. However, if the Commission compels the Global Utilities to provide this  
5 information, then the Global Utilities request that the Commission enter a strong protective order  
6 to ameliorate the damage from the disclosure of this information. In particular, the Commission  
7 should require that this sensitive information not be shared with AWC's officers or other internal  
8 AWC personnel. In addition, AWC's counsel in this case regularly represents AWC and  
9 presumably is closely involved in formulating AWC's litigation strategies in numerous cases.  
10 Accordingly, to the extent that this information is compelled, it should be disclosed only to outside  
11 lawyers and consultants who do not normally work for AWC. In addition, the protective order  
12 should contain requirements to safeguard the documents and should include stringent penalties for  
13 violations.

14 **XIV. Conclusion.**

15 The Global Utilities have provided their main competitor, AWC, with extraordinary access  
16 to their books and records, while AWC refused to provide even the simplest of information  
17 regarding their parent company (or companies), such as ownership. Global Utilities have also  
18 disclosed a large amount of data in discovery. AWC's demands for yet more discovery should not  
19 be granted. Much of the information AWC seeks is competitively sensitive and should not be  
20 shared with AWC. Most of the remaining information is not relevant or would be unduly  
21 burdensome and expensive to produce. In addition, this case is stayed and further discovery is  
22 therefore not appropriate at this time. Accordingly, the Global Utilities request that AWC's  
23 motion to compel be denied. If AWC's motion to compel is granted, the Global Utilities request  
24 that their cross-motion to compel be granted and that their cross-motion for a protective order be  
25 granted.

26 ...

27 ...

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

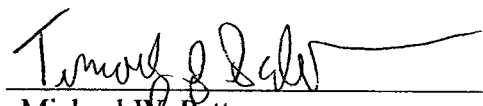
1 The following exhibits are attached in support of this motion:

2 Exhibit	Description
3 A	Global Utilities' response to AWC's 4 <sup>th</sup> set of data requests
4 B	AWC's response to Global's first set of data requests
5 C	AWC's response to Global's second set of data requests
6 D	AWC's response to Global's third set of data requests

7 Attachments to these exhibits have been omitted, as they are voluminous in some cases.

8 RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of June 2007.

9 ROSHKA DEWULF & PATTEN, PLC

10  
11 By   
12 Michael W. Patten  
13 Timothy J. Sabo  
14 Jason D. Gellman  
15 One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

16  
17  
18 Original + 17 copies of the foregoing  
19 filed this 20<sup>th</sup> day of June 2007 with:

20 Docket Control  
21 ARIZONA CORPORATION COMMISSION  
22 1200 West Washington  
Phoenix, Arizona 85007

23 Copies of the foregoing hand-delivered/mailed  
24 this 20<sup>th</sup> day of June 2007, to:

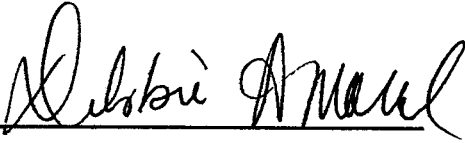
25 Yvette B. Kinsey, Esq.  
26 Administrative Law Judge  
Hearing Division  
27 Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

- 1 Christopher C. Kempley, Esq.  
Chief Counsel, Legal Division
- 2 Arizona Corporation Commission  
1200 West Washington
- 3 Phoenix, Arizona 85007
- 4 Ernest G. Johnson, Esq.  
Director, Utilities Division
- 5 Arizona Corporation Commission  
1200 West Washington
- 6 Phoenix, Arizona 85007
- 7 Robert W. Geake, Esq  
Arizona Water Company  
3805 North Black Canyon Highway
- 8 Phoenix, Arizona 85015
- 9 Steven A. Hirsch, Esq.  
Rodney W. Ott, Esq.  
Bryan Cave LLP
- 10 Two North Central Avenue, Suite 2200  
Phoenix, Arizona 85004
- 11 Jeffrey W. Crockett, Esq  
Marcie Montgomery, Esq.  
Snell & Wilmer LLP
- 12 One Arizona Center  
400 East Van Buren Street
- 13 Phoenix, Arizona 85004
- 14 Kenneth H. Lowman  
Manager
- 15 KEJE Group, LLC  
7854 West Sahara
- 16 Las Vegas, Nevada 89117
- 17 Craig Emmerson, Manager  
Anderson & Val Vista 6, LLC
- 18 8501 North Scottsdale Road, Suite 260  
Scottsdale, Arizona 85253
- 19 Brad Clough  
Anderson & Barnes 580, LLP  
Anderson & Miller 694, LLP
- 20 8501 North Scottsdale Road, Suite 260  
Scottsdale, Arizona 85253
- 21 Phillip J. Polich  
Gallup Financial, LLC  
8501 North Scottsdale, #125
- 22 Scottsdale, Arizona 85253
- 23
- 24
- 25
- 26
- 27

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

Ken Franks, Esq.  
Rose Law Group, PC  
6613 N. Scottsdale Rd, Ste 200  
Scottsdale, Arizona 85250

By 

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

**AWC 4.1** Regarding the consumer survey and/or polling effort mentioned on page 5 of the rebuttal testimony of Trevor T. Hill and page 3 of the rebuttal testimony of Cindy Liles, please provide the following:

- a) a copy of any and all survey questionnaire(s) used to poll the public,
- b) describe the method used to conduct the polling (mail, face-to-face, etc.),
- c) identify the person(s) or entity that designed the survey, administered or distributed the questionnaire, received or tabulated the questionnaire results,
- d) identify the relevant population sampled and the sample selected therefrom,
- e) describe the method used to determine population and sample size,
- f) describe the population from which the sample was selected, including size, geographical areas, percentage of homeowners, and percentage of renters,
- g) describe the sample selection method and percentage of population sampled, including geographical area, percentage of homeowners, and percentage of renters,
- h) provide a tabulation of results of the survey and/or poll and percentage of responses received for each question,
- i) provide all statistical analyses of results,
- j) describe the confidence level of results for each sample question,
- k) identify by name the person or entity who performed the statistical analysis of the tabulated results, description of statistical tests performed on the data and the statistical results for each survey question including the confidence level.

**RESPONSE:** Please see the attached report.

**RESPONDENT:** Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.2      Please provide the same information requested in 4.1 above for the 2006 follow-up poll referred to on page 6 of the rebuttal testimony of Trevor T. Hill and page 3 of Cindy Liles' rebuttal testimony.

RESPONSE: Please see the attached report.

RESPONDENT: Trevor T. Hill



**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
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FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.3      Please provide the same information requested in 4.1 related to any similar survey, polling or focus group conducted by Global on the public's attitudes towards the direct use of reclaimed water.

RESPONSE: Global has not conducted any polling other than as discussed in response to AWC 4.1 and 4.2.

RESPONDENT:      Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

**AWC 4.4** Please provide the quantity of water recharged by Santa Cruz Water Company in 2005 and 2006 and the associated cost to recharge for each year by NARUC expense account.

**RESPONSE:** None; SCWC recharges no water. Please note that Palo Verde is close to Underground Storage Facility permit completion for an A+ reclaimed water recharge facility on the Terrazo Water Distribution Center site and will soon file one for the PVUC Campus 2 WRF site. Each site is approved in APP 105668 which provides for a total recharge of 9 MGD. PVUC is in the process of applying for an APP for multiple recharge sites for Campus 1 WRF, also for 9 MGD.

**RESPONDENT:** Robin Bain, P.E., DEE for Graham Symmonds

**SANTA CRUZ WATER COMPANY  
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FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.5      Please provide the investment in plant facilities necessary for Santa Cruz Water Company to recharge by plant account and the annual depreciation expense and depreciation rates on recharge facilities.

RESPONSE: SCWC has expended no funds on recharge. To date, PVUC has incurred permitting fees at ADEQ, consulting fees to prepare the applications which includes monitoring well drilling and installation as well as soil and water sampling, and internal project management fees.

RESPONDENT:      Robin Bain, P.E., DEE for Graham Symmonds

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

**AWC 4.6** Please provide the acquisition cost for each acquisition reported to the ACC in compliance with Decision No. 67240 or for each acquisition completed but not yet reported.


**RESPONSE:** This information has been carefully guarded in order to facilitate the consolidation of many smaller utilities. While disclosing this information may dampen efforts to continue consolidation of utilities, the following is responsive to the question:

Cave Creek Water Company: \$7.084 million plus future payments not to exceed \$1.2 million

Francisco Grande Utility Company: Future payment of \$8 million

CP Water Company: Future payment of \$1.25 million

West Maricopa Combine: Amounts paid and future payment to total \$60 million, less up-front payment from developers per ICFA of \$6.2 million

 **RESPONDENT:** Cindy Liles

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

**AWC 4.7** Please provide journal entries and explanation of all postings to Common Stock, Capital Surplus and Retained Earnings accounts for 2004, 2005, and 2006 for Santa Cruz Water Company.

**RESPONSE:** AWC may inspect the journal entries of Santa Cruz Water Company by appointment.

**RESPONDENT:** Cindy Liles

**SANTA CRUZ WATER COMPANY  
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Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.8      Please provide any and all work papers of Cindy Liles (electronic and hard copies) for the calculations contained in her direct testimony, including without limitation, the table on page 17 and calculations of ratios that make up the NRRI Z-score calculations.

RESPONSE: Attached

RESPONDENT:      Cindy Liles

**SANTA CRUZ WATER COMPANY  
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FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.9      Please provide all documents supporting or relating to the cost/benefit analysis mentioned on page 6 of the Rebuttal Testimony of Trevor Hills.

RESPONSE: The reference to cost-benefit analysis on page 6 is as follows: "This is done without cost-benefit analysis – in fact the Safe Drinking Water Act specifically prohibits the EPA from conducting cost-benefit analysis for this program." This statement applies to the listing of contaminants for consideration required by the Safe Drinking Water Act. This provision is Safe Drinking Water Act § 1412, 42 U.S.C. § 300g-1(2006).

RESPONDENT:      Counsel for Santa Cruz and Palo Verde

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.10 Please provide all documents related to any analysis performed or commissioned by Global concerning the cost per home for dual systems making residential use of potable and reclaimed water.

RESPONSE: Global did not have this information at hand. However, to be responsive, we have begun gathering and preparing this data for AWC. This information is forthcoming.

RESPONDENT: Robin Bain, P.E. for Graham Symmonds



**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.11 Please provide all documents supporting or relating in any way to the assertion on page 6 of the Rebuttal Testimony of Trevor Hill that offsetting cost savings will result from the residential use of reclaimed water.

RESPONSE: Global did not have this information at hand. However, to be responsive, we have begun gathering and preparing this data for AWC. This information is forthcoming. .

RESPONDENT: Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.12 Please provide all documents related to the examples of direct reuse of reclaimed water in New Mexico, Colorado, or Australia or elsewhere as discussed on page 8 of Trevor Hill's Rebuttal Testimony.

RESPONSE: See attached

RESPONDENT: Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.13 Please provide copies of any approved or pending application for assured water supply designations, or any modifications thereto, filed by any of the Global entities for areas within Pinal County.

RESPONSE: Santa Cruz's most recent designation of assured water supply is AWS No. 2006-001, Decision and Order, No. 26-401667.0000, issued by the Department of Water Resources, dated May 4, 2006. A copy is attached. This order supersedes any prior designations. A modification is pending as DWR No. 26-402008.0000. This is the only modification in progress in Pinal County. A copy of the most recent correspondence regarding this modification is attached. Additional information regarding this modification may be reviewed by appointment.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

**AWC 4.14** Identify all utility plant that is not "used and useful" as described on page 20 of the Rebuttal Testimony of Cindy Liles, and provide the source of the funds used to construct such plant.

**RESPONSE:** A determination that plant is not "used and useful" can only be made in a rate case. That's why I said that "the Commission would have to decide whether that infrastructure was 'used and useful'. No such determination has yet been made by the Commission.

**RESPONDENT:** Cindy Liles

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.15    Provide copies of all journal entries which record the utility plant mentioned in AWC data request 4.14 above.

RESPONSE:   See response to AWC 4.14.

RESPONDENT:    Cindy Liles

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.16 Identify and provide the total acreage of each lake used for the storage of reclaimed water within the certificated area of any water utility owned by Global.

RESPONSE: Acreages are approximate and to the best of our knowledge:

COBBLESTONE FARMS - 1 acre  
VILLAGES - 1 acre  
PROVINCES - 22 acres  
GLENNWILDE - 2 acres  
MARICOPA LAKES - 10 acres  
HOMESTEAD VILLAGES - 1 acre  
SORRENTO LAKE - 1 acre  
MARICOPA MEADOWS - 1 acre

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
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Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.17 Provide a copy of any and all agreements between any Global entity and the Ak-Chin Community as described on pages 14-15 of the Rebuttal Testimony of Trevor Hill, and drafts of any such agreement.

RESPONSE: A copy of the agreement is attached. Drafts are not relevant as they have been superseded by the actual agreement.

RESPONDENT: Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.18 Provide copies of all correspondence, drafts and negotiations related to any agreements between any Global entity and the Ak-Chin Community.

RESPONSE: See response to AWC 4.17. The "correspondence, drafts and negotiations" are not relevant.

RESPONDENT: Legal Counsel for Santa Cruz and Palo Verde



**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.19 Provide any and all copies of any calculation made by Global of the total proceeds expected from ICFAs in Global's planned expansion area.

RESPONSE: Global did not have this information at hand. However, to be responsive, we have begun gathering and preparing this data for AWC. This information is forthcoming.

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.20 Provide any and all documentation related to the advertising, community events, presentations, public speaking and meetings discussed on page 3 of the Rebuttal Testimony of Cindy Liles.

RESPONSE: Global Water Resources ("Global Water") receives public relations, marketing, and advertising support from two firms: Husk Partners, Inc. [formerly Jamieson & Gutierrez] and Park&Co. It is extremely important to note that Global Water bears the costs of these efforts, not the regulated utilities owned by Global Water or the customers of those utilities.

Husk Partners conducts regular outreach and communications with government officials at the city, county, state, tribal, and federal levels on our behalf. Husk Partners informs us that they have conducted and participated in well over 100 such meetings, conferences, and communications with officials at those levels. Husk Partners explains the mission and focus of Global Water and educates and encourages opinion leaders and government officials to evaluate issues before them with a solid understanding of Global Water's perspective and mission.

Park&Co develops advertising materials that reflect Global Water's emphasis on reclamation and reuse. To date, Global Water has purchased 89 ads in local papers, placed banner ads on 2 websites, and mailed 5 bill inserts to our customers. [Copies of each are attached] Global Water spent \$90,345 on media buys for our educational advertising in 2006.

Under the terms of the Public-Private Partnerships Global Water has entered into with the Cities of Casa Grande and Maricopa, Global Water representatives meet regularly with the Cities regarding implementation of the P3's [Paragraph 2, P3]. Furthermore, Global Water provides each city with a Monthly Report. [A copy of the most recent monthly report is attached. The other reports are available for inspection at Global Water's offices upon appointment] Paragraph 13 of the P3s also requires Global Water to "fund and conduct extensive water conservation programs and outreach education programs to promote water conservation in the community, schools, and public facilities." Global Water has joined the Water - Use it Wisely campaign and our website contains a prominent link to that website. Membership dues total \$8,000 for the past two years since joining. Paragraph 13 of the P3s also requires Global to participate in "all major municipal functions and events" and Global has participated in the following:

- Sheriff's Santa (checks to Maricopa Optimists or International Optimists) - working with Sheriff Vasquez, organized, donated to and participated in 1st annual Golf tourney to raise funds to send Pinal County less-privileged children on a holiday shopping trip accompanied by a Pinal Sheriff's Deputy - we raised \$15,000 and sent 20 kids with \$750 Wal-Mart gift cards on December 9, 2006, Global Water's hard cash donation: \$2,000 plus in-kind labor,
- Founder's Day (checks to Maricopa Parks and Recreation) - 2005 and 2006 \$2500 each year, Global Water's hard cash donation: \$5000 plus in-kind labor and giveaways totaling another \$2,000

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

- Casa Grande Halloween Carnival 06(check to CG), Global Water's hard cash donation: \$3,000 plus in-kind labor, bottled water and giveaways totaling another \$2,000,
  - Seeds of Change Gala years 2006 and 2007 – checks to Against Abuse Inc – raises funds to build a shelter in Maricopa for victims of domestic abuse, Global Water's hard cash donation: \$10,000 plus in-kind labor and bottled water totaling another \$5,000
  - Salsa Festival (Maricopa Parks and Recreation) – giveaways and in kind labor and bottled water totaling another \$1,000
  - Arizona Water Pollution Control Association – fundraisers for scholarships - \$2,000 plus in-kind labor and giveaways totaling another \$4,000,
  - Water for People - fundraisers - \$2,000,
  - Arizona Public Works Association (AWWA) fundraisers for scholarships - \$2,000 plus in-kind labor and giveaways totaling another \$4,000,
  - Walmart golf tourney in Jan 07 – fundraiser for Phoenix Children's' Hospital - \$600,
  - Central Arizona College donations, golf tourneys - \$2,000 golf tourneys plus \$5,000 in donations. In addition, Global is partnering with CAC, the local and sole college in Pinal County, for CAC to become accredited for the water and wastewater certification courses required of Global employees.
- 
- Ak-Chin Earth Day 2007 – \$1,000
  - Emma's Run 2006 & 2007 – Merchandise for Bags
  - Southwestern College Golf Tournament – \$2,200
  - Maricopa Rotary Club (Stage Coach Days Golf Tournament) - \$450
  - Maricopa Unified School District "Duel in the Desert" 2007 Golf Tournament - \$3,000
  - Maricopa Unified School District Basketball Tournament 2006 – bottled water totaling \$300
  - Maricopa Unified School District Baseball and Softball Tournament 2006 – bottled water totaling \$300

Global Water has participated in numerous public speaking opportunities – and presented the attached "Power of Reclamation", or a version of it, at the following: University of Arizona, Grad Program, Water Studies; Arizona Water Institute's "Brown Bag Lunch" program; IOWUA's Water Summit; and the Arizona Water Pollution Control Association.

A list of Trevor Hill's scheduled speaking engagements from August 2006 through September 2007 is attached.

RESPONDENT: Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS**

**Docket No. W-01445A-06-0199**

**March 16, 2007**

AWC 4.21 Have any of the Global entities engaged in any initial discussions concerning public offerings of Global's stock or shares? If so, provide any and all documents related to such initial discussions.

RESPONSE: There have been formal meetings, although Global has had very preliminary discussions about an initial public offering, as one of the many options to consider in the future.

RESPONDENT: Trevor T. Hill

**SANTA CRUZ WATER COMPANY  
AND PALO VERDE UTILITIES COMPANY  
RESPONSES TO ARIZONA WATER COMPANY  
FOURTH SET OF DATA REQUESTS  
Docket No. W-01445A-06-0199  
March 16, 2007**

AWC 4.22     Provide complete data on any recharge activities by any Global entity, including without limitation the West Maricopa Combine, including the amount recharged.

RESPONSE: Attached. A total of 185 acre-feet has been recharged since March 8, 2007.

8 Mar 1430, 13 cfs (start date/time, flow rate, initial totalizer read at 7 acre ft)  
9 Mar, 13 cfs  
10 Mar, 13 cfs  
11 Mar, 13 cfs  
12 Mar, 1400, 28 cfs  
13 Mar, 1500, 13 cfs  
13 Mar, 1800, 7 cfs  
14 Mar, 1220, 0 cfs, then 8 cfs by 1300  
15 Mar, 8 cfs  
16 Mar, 5.5 cfs at 7:30am

Approximate discharge since 8 Mar = 200 acre-ft As of 7:30am, 5.5 cfs and a total of 192 acre feet recharged. The totalizer reads 192 acre-ft; subtracting the start read of 7 acre-ft...total recharged since 1430 8 Mar 07 = 185 acre-ft.

RESPONDENT:     Robin Bain, P.E., DEE for Graham Symmonds

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**General**

**Data Request No. Global 1.1**

Please provide a copy of all Arizona Water Company ("AWC") data requests or other requests for information (whether formal or informal) to any other party, including Staff regarding this docket.

***Response to Data Request Global No 1.1***

None.

Responder(s): William M. Garfield

**Data Request No. Global 1.2**

Please provide a copy of all of AWC's responses to data requests or other requests for information (whether formal or informal) sent from any other party, including Staff, in this docket.

***Response to Data Request Global No 1.2***

See Attached.

Responder(s): William M. Garfield

**Data Request Global No. 1.3**

Please list each "affiliate" and "holding company" of AWC, as those terms are defined in A.A.C. R14-2-801.

***Response to Data Request Global No 1.3***

San Gabriel Valley Water Company, Utility Investment Company, Rosemead Properties, Inc., United Resources, Inc.

Responder(s): Ralph J. Kennedy

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.4**

Please list the names of the shareholders or owners of each entity listed in response to Data Request No Global 1.3. For each of these shareholder(s) or owner(s), indicate what percentage of the affiliate or holding company they own, or indicate the number and class of shares that they own.

***Response to Data Request Global No 1.4***

San Gabriel Valley Water Company is 100% owned by Utility Investment Company which is 100% owned by United Resources, Inc., as is Rosemead Properties, Inc. Arizona Water Company does not have knowledge regarding the ownership of United Resources, Inc.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.5**

Please list all witnesses AWC intends to call at the hearing in this case. For each such witness, provide a description of the subject matter of their testimony and their qualifications.

***Response to Data Request Global No 1.5***

William M. Garfield, President; Ralph J. Kennedy, Vice President and Treasurer, Michael J. Whitehead, Vice President Engineering.

At this time, it is anticipated that each of these witnesses may be called to testify concerning the facts for which they are listed as responders in Arizona Water Company's Responses to Global's First and Second Data Requests. Arizona Water Company is preparing its case presentation and, if requested, will supplement this response as to more specific subjects that each witness may address following review of the Staff Report to be issued in this matter.

Responder(s):      William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.6**

Please list all civil litigation that AWC has been a party to in the last ten (10) years. The list should include the case name, case number, court, and a brief description of the case.

***Response to Data Request Global No 1.6***

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

**Data Request No. Global 1.7**

Please provide a copy of all pleadings, motions and documents filed with the courts in any cases between AWC and the Arizona Department of Water Resources ("ADWR") (or the Director thereof).

***Response to Data Request Global No 1.7***

Arizona Water Company objects to this data request on the grounds that it seeks ID which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

**Data Request No. Global 1.8**

Please provide a copy of all pleadings, motions and documents filed with the courts in any cases between AWC and the City of Casa Grande, Arizona (or the City's Mayor, Council or and/or officers, or any special district formed by or under the City's authority)

***Response to Data Request Global No 1.8***

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield



**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.9**

Please provide a copy of all of AWC's responses to data requests or other requests for information (whether formal or informal) sent from any other party, including Staff, regarding ACC Docket No. W-04264A-04-0438 et al.

***Response to Data Request Global No 1.9***

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

**Data Request No. Global 1.10**

Please provide a copy of copy of all pleadings, motions and documents filed with the courts in AWC's appeal (or request for judicial review) of the Commission's Decision in ACC Docket No. W-04264A-04-0438 et al.

***Response to Data Request Global No 1.10***

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

**Data Request No. Global 1.11**

Please provide a copy of all communications between AWC and the ADWR regarding the extension area requested by AWC in this case.

***Response to Data Request Global No 1.11***

No written communications exist.

Responder(s): William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.12**

Please describe, in general, any communications between AWC and landowners who signed Infrastructure Coordination and Financing Agreements.

***Response to Data Request Global No 1.12***

As AWC does not know which landowners have signed such Agreements, it has had no such communications.

Responder(s): William M. Garfield

**Data Request No Global 1.13**

Please describe, in general, any communications between AWC and the landowners in AWC's proposed extension area.

***Response to Data Request Global No 1.13***

On September 22, 2006, AWC mailed notices to all of the landowners within the expansion area to notify them of the hearing on the proposed CC&N extension.

AWC has also received several requests for service from property owners within the proposed extension area.

Responder(s): Michael J. Whitehead

**Data Request No. Global 1.14**

Please provide a copy of all communications between AWC and Southwest Water Company after November 18, 2002.

***Response to Data Request Global No 1.14***

See attached.

Responder(s): William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.15**

On July 20, 2006, AWC filed a copy of a "Cooperative Service Agreement" dated November 18, 2006 between Southwest Water Company and AWC. Please provide a copy of any amendments or modifications to this agreement.

***Response to Data Request Global No 1.15***

The Cooperative Service Agreement is dated November 18, 2002 and has not been amended or modified as of the date of this response.

Responder(s): William M. Garfield

**Data Request No. Global 1.16**

On July 20, 2006, AWC filed a copy of a "Cooperative Service Agreement" dated November 18, 2006 between Southwest Water Company and AWC. Please provide a copy of any other agreements between AWC or its affiliates and Southwest Water Company and its affiliates.

***Response to Data Request Global No 1.16***

Arizona Water Company has no other agreement with Southwest Water Company and has no knowledge of any such agreement between its affiliates and Southwest Water Company.

Responder(s): William M. Garfield

**Reclaimed Water (also known as effluent)**

**Data Request No. Global 1.17**

Please provide a copy of all of AWC's plans for deploying reclaimed water facilities in AWC's proposed extension area.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.17***

Such facilities plans will be part of Arizona Water Company's "Water Resource Master Plan" for its Pinal Valley Service Area being prepared in cooperation with the City of Casa Grande, the City of Coolidge and the Arizona City Sanitary District. The Water Resource Master Plan has not been completed.

Responder(s): William M. Garfield

**Data Request No. Global 1.18**

For each of AWC's systems, please provide a copy of the amount of reclaimed water sold by AWC for each of the last five years. For comparison, also provide the total amount of water sold for each system for each of the last five years.

***Response to Data Request Global No 1.18***

A schedule listing the reclaimed water sold and total water sold per system for the years 2001, 2002, 2003, 2004 and 2005 is attached.

Responder(s): Ralph J. Kennedy

**Data Request No. Global 1.19**

Please provide a narrative history of AWC's experience, efforts and achievements in providing reclaimed water service.

***Response to Data Request Global No 1.19***

AWC objects to this request as improper because it is not required to generate narrative histories.

Responder(s): William M. Garfield

**Data Request No. Global 1.20**

Do you agree that AWC's Certificate of Convenience and Necessity does not cover reclaimed water? If you disagree, then please provide a complete explanation, and provide citation to ACC decisions or certificates that support your answer. Also, if you disagree in response to the first sentence, then please explain how your answer is consistent with Judge Albrecht's ruling that "Water as the term is used in the CCN does not include effluent water" (Minute Entry filed April 1, 2002 at page 5 in Arizona Water Company v. City of Casa Grande, Maricopa County Superior Court, Case No. CV2000-

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

022448 as affirmed by Memorandum Decision dated October 14, 2003 in Arizona Water Company v. City of Casa Grande, Arizona Court of Appeals, Division One, Case No. 1 CA-CV 02-0671 and 1 CA-CV 02-0724).

***Response to Data Request Global No 1.20***

Arizona Water Company objects to this request because it improperly calls for legal analyses and conclusions.

Responder(s): William M. Garfield

***Data Request No. Global 1.21***

Does the ACC approved tariff for AWC's Casa Grande system include rates for reclaimed water? If yes, specifically identify the tariff provision that sets the rate for reclaimed water and authorizes its sale.

***Response to Data Request Global No 1.21***

Arizona Water Company does not currently have a specific tariff for reclaimed water service for its Casa Grande system.

Responder(s): William M. Garfield

***Data Request No. Global 1.22***

Has AWC ever sought to modify its tariff for its Casa Grande system to include reclaimed water? If yes, please identify the relevant Commission docket number and describe the Commission's disposition of the case.

***Response to Data Request Global No 1.22***

Arizona Water Company filed an application for a company-wide "Treated Effluent" tariff with the Arizona Corporation Commission ("ACC") in 2000 but subsequently withdrew such application.

Responder(s): William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Recharge**

**Data Request No. Global 1.23**

Please provide a copy of all of AWC's plans for deploying recharge wells or related facilities in AWC's proposed extension area.

***Response to Data Request Global No 1.23***

See Arizona Water Company's response to Global Data Request 1.17.

Responder(s): William M. Garfield

**Data Request No. Global 1.24**

For each of AWC's systems, please provide a copy of the amount of water recharged by AWC through recharge wells for each of the last five years. To the extent that the answer is greater than zero, specify the source and nature of the water recharged; i.e. was it groundwater, surface water from the CAP; surface water from non-CAP sources; or reclaimed water.

***Response to Data Request Global No 1.24***

Arizona Water Company has not recharged water through recharge wells.

Responder(s): William M. Garfield

**Data Request No. Global 1.25**

Please provide a narrative history of AWC's experience, efforts and achievements in using or developing recharge wells.

***Response to Data Request Global No 1.25***

AWC objects to this request as improper because it is not required to generate narrative histories.

Responder(s): William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Surface Water**

**Data Request No. Global 1.26**

Please provide a copy of all of AWC's plans for deploying surface water facilities in AWC's proposed extension area.

***Response to Data Request Global No 1.26***

See Arizona Water Company's response to Global Data Request 1.17, Arizona Corporation Commission Decision No. 68302, and Michael J. Whitehead Direct Testimony, Rebuttal Testimony and Rejoinder Testimony in Docket No. W-01445A-04-0650.

Responder(s): William M. Garfield

**Data Request No. Global 1.27**

For each of AWC's systems, please provide a copy of the amount of surface water sold by AWC for each of the last five years. For comparison, also provide the total amount of water sold for each system for each of the last five years.

***Response to Data Request Global No 1.27***

A schedule listing the surface water sold and total water sold per system for the years 2001, 2002, 2003, 2004 and 2005 is attached.

Responder(s): Ralph J. Kennedy

**Data Request No. Global 1.28**

Please provide a narrative history of AWC's experience, efforts and achievements in providing surface water service.

***Response to Data Request Global No 1.28***

Arizona Water Company objects to this request because it improperly calls for legal analyses and conclusions. Without waiving such objection, see Arizona Water Company's responses to Global Data Requests No. 1.17 and 1.27. In addition, Arizona Water Company operated a surface water treatment facility in Superior, Arizona; has operated a large surface water treatment facility in Yuma, Arizona (now owned by the City of Yuma); has participated with the City of Mesa on a 72 million gallon per day

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

Central Arizona Project ("CAP") surface water treatment facility (operated by the City of Mesa) in Mesa, Arizona; and expects to participate with Arizona-American Water Company on a CAP surface water treatment plant in the White Tank area.

Responder(s): William M. Garfield

**Data Request No. Global 1.29**

Please provide the amount of surface water sold to residential customers in AWC's Casa Grande system for each of the last five years. For comparison, also provide the total amount of water sold to residential customers in AWC's Casa Grande system for each of the last five years.

***Response to Data Request Global No 1.29***

No direct sales of surface water have been made to residential customers in Arizona Water Company's Casa Grande system within the last five years. The total amount of water sold to residential customers is on file with the ACC.

Responder(s): William M. Garfield

**Data Request No. Global 1.30**

Please provide a copy of AWC's tariff to sell untreated surface water in its Casa Grande system.

***Response to Data Request Global No 1.30***

See the attached.

Responder(s): William M. Garfield

**Data Request No. Global 1.31**

For each of AWC's systems where surface water was sold in the last five years, how much of the surface water was CAP water. Identify and describe each source of non-CAP surface water.

***Response to Data Request Global No 1.31***

All surface water sales were of CAP water.

Responder(s): Ralph J. Kennedy



**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Groundwater**

**Data Request No. Global 1.32**

Please provide a copy of AWC's plans to reduce the usage of groundwater in each of its systems.

***Response to Data Request Global No 1.32***

The Company plans to reduce its usage of groundwater in each of its systems through: 1) its use of surface water supplies where such supplies are available; 2) the use of reclaimed water for those uses which can use such a resource; 3) the use of appropriately treated effluent or reclaimed water for groundwater recharge; and 4) conservation, such as the best management practices conservation plan that Arizona Water Company and other active stakeholders have helped the Arizona Department of Water Resources draft over the past three years.

Responder(s): William M. Garfield

**Data Request No. Global 1.33**

For each of AWC's systems, provide the total amount of groundwater pumped for each of the last five years.

***Response to Data Request Global No 1.33***

The amount of groundwater pumped for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

**Data Request No. Global 1.34**

For each of AWC's systems, provide the total amount of groundwater sold for each of the last five years.

***Response to Data Request Global No 1.34***

The amount of groundwater sales for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.35**

For each of AWC's systems, provide the amount of groundwater pumped per customer for each of the last five years.

***Response to Data Request Global No 1.35***

The amount of groundwater pumped and customer counts for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

**Data Request No. Global 1.36**

For each of AWC's systems, provide the amount of groundwater sold per customer for each of the last five years.

***Response to Data Request Global No 1.36***

Groundwater sold and customer counts for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

**Data Request No. Global 1.37**

For each of AWC's systems, provide the amount of groundwater pumped per capita for each of the last five years.

***Response to Data Request Global No 1.37***

Arizona Water Company objects to this data request because it cannot provide the calculation requested.

Responder(s): Richard W. Henderson

**Data Request No. Global 1.38**

For each of AWC's systems, provide the amount of groundwater sold per capita for each of the last five years.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.38***

Arizona Water Company objects to this data request because it cannot provide the calculation requested.

Responder(s):      Richard W. Henderson

**Data Request No. Global 1.39**

For each well in AWC's Casa Grande system, provide a copy of all well data for the last five years, including the pumping rate, the amount pumped, and the level of water in the well.

***Response to Data Request Global No 1.39***

Data on each of Casa Grande's wells is on file with ADWR. Pump capacity and proposed annual volume of water pumped are included in the Well Drilling Application, while the amount pumped and water levels are updated annually.

Responder(s):      Richard W. Henderson

**Data Request No. Global 1.40**

Please provide a copy of all hydrology reports or hydrologic information in AWC's possession concerning AWC's requested extension area.

***Response to Data Request Global No 1.40***

None of Arizona Water Company's previous hydrology studies include the extension area. A new hydrology study, which will include the extension area is in progress.

Responder(s):      William M. Garfield

**Data Request No. Global 1.41**

Does AWC dispute or disagree with any findings contained in the Pinal Active Management Area Groundwater User's Advisory Committee's "Assured Water Supply Modifications Concepts" draft report dated December 29, 2005? If yes, please indicate the finding AWC disagrees with or disputes and the reason(s) AWC disputes or disagrees with the finding. Also, please provide any subsequent versions to this report that are in AWC's possession.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.41***

Arizona Water Company's President, William M. Garfield, is Chairman of the Water Management Subcommittee of the Pinal Active Management Area ("AMA") Groundwater Users Advisory Council ("GUAC"), a group comprised of developers, municipalities, water providers, county government, the Pinal AMA GUAC, irrigation districts, farmers, landowners and other water interests. Arizona Water Company supports the community based consensus water management goals included in the above-referenced draft report which was approved by the Pinal AMA GUAC and which is the subject of a rulemaking effort by the ADWR. Arizona Water Company does not possess any subsequent version of the report.

Responder(s): William M. Garfield

**Data Request No. Global 1.42**

Please describe the participation of any of AWC's officers or employees in the preparation of the report described in Global 1.41.

***Response to Data Request Global No 1.42***

See Arizona Water Company's response to Global Data Request 1.41.

Responder(s): William M. Garfield

**Water Use Data**

**Data Request No. Global 1.43**

Please provide all projection(s) in AWC's possession regarding likely water usage in AWC's requested extension area. Explain the source of all data used in the projection(s), and identify all assumptions used in developing the projection(s).

***Response to Data Request Global No 1.43***

See AWC's response to Questions 1 and 2 in Response to Staff's Insufficiency Letter, and "Design Report" attached thereto. The water usage information contained in that report is based on current water use data for the Casa Grande System. A copy was served on Global on July 7, 2006.

Responder(s): Michael J. Whitehead

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.44**

For each of AWC's systems, provide the total amount of water sold for each of the last five years.

***Response to Data Request Global No 1.44***

Groundwater sales for each of Arizona Water Company's systems are on file with the ACC.

Responder(s): Richard W. Henderson

**Data Request No. Global 1.45**

For each of AWC's systems, provide the "gallons per capita per day" data (calculated according to ADWR methods) for each of the last five years.

***Response to Data Request Global No 1.45***

Arizona Water Company objects to this data request because it cannot provide the calculation requested.

Responder(s): Richard W. Henderson

**Data Request No. Global 1.46**

Has AWC ever proposed a rate design intended to reduce water usage? If yes, please describe.

***Response to Data Request Global No 1.46***

No.

Responder(s): Ralph J. Kennedy

**Data Request No. Global 1.47**

Please provide a "water use data sheet" (in the format typically used by Staff) for AWC's Casa Grande system showing the most recent 12 months for which data is available.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.47***

See attached.

Responder(s):      Michael J. Whitehead

**Assured Water Supply**

**Data Request No. Global 1.48**

Please provide any Physical Availability Determination, or Assured Water Supply documents (analysis, certificate or designation) concerning AWC's requested extension area.

***Response to Data Request Global No 1.48***

None has been made nor was any such applications been filed.

Responder(s):      William M. Garfield

**Data Request No. Global 1.49**

Does AWC plan on obtaining a Designation of Assured Water Supply applicable to the AWC's requested extension area?

***Response to Data Request Global No 1.49***

No.

Responder(s):      William M. Garfield

**Data Request No. Global 1.50**

If the answer to Global 1.49 is no, explain how AWC will obtain Certificates of Assured Water Supply applicable to the AWC's requested extension area.

***Response to Data Request Global No 1.50***

Developers obtain such certificates, not Arizona Water Company.

Responder(s):      William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Engineering**

**Data Request No. Global 1.51**

Please provide all engineering designs, plans, reports and other such documents for AWC's proposed extension area that are in AWC's possession.

***Response to Data Request Global No 1.51***

See AWC Response to Staff's Insufficiency Report. Questions 1 and 2.

Responder(s):      Michael J. Whitehead

**Financial**

**Data Request No. Global 1.52**

Please provide AWC's financial statements for each of the last three years.

***Response to Data Request Global No 1.52***

The financial statements for the years ending 2003, 2004 and 2005 are attached.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.53**

Please provide the financial statements for each of AWC's affiliates and holding companies for each of the last five years. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

***Response to Data Request Global No 1.53***

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s):      Ralph J. Kennedy

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.54**

For each of the last three years, please provide the reports provided by AWC under A.A.C.R.14-2-805.

***Response to Data Request Global No 1.54***

Arizona Water Company objects to this Data Request on the grounds that it seeks reports and information that are confidential, and the Affiliated Interest Report required under R14-2-802 is not Public Information and, accordingly, the reports are not available for inspection.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.55**

Please indicate the sources of equity available to AWC.

***Response to Data Request Global No 1.55***

The available sources of equity are retained earnings and paid-in-capital.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.56**

Please provide a schedule showing all equity provided to AWC by shareholders in the last five years.

***Response to Data Request Global No 1.56***

A schedule showing shareholder provider equity over the last five years is attached.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.57**

Are the shareholders of AWC's ultimate parent company willing to pledge their personal credit for the benefit of AWC?



**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.57***

Shareholders of a corporation, such as Arizona Water Company's ultimate parent, bear no legal responsibility for the debts of Arizona Water Company, which is in sound financial condition and sufficiently creditworthy and able to attract capital.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.58**

In recent rate cases (Docket Nos. W0 1445A-04-0650 and W-0 1445A-02- 0619), AWC Treasurer Ralph Kennedy testified about the difficulty AWC had in finding buyers for its bonds. Was this testimony correct? If not, please provide correct information.

***Response to Data Request Global No 1.58***

Yes.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.59**

Has AWC ever had difficulty in placing (i.e. selling) its bonds? If yes, please describe the circumstances and difficulties encountered.

***Response to Data Request Global No 1.59***

Yes. See testimony referred to in Global No 1.58.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.60**

Is AWC currently seeking to sell a new series of bonds? If yes, please describe the ease or difficulty in obtaining buyers.

***Response to Data Request Global No 1.60***

No.

Responder(s):      Ralph J. Kennedy

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.61.**

If the answer to Global 1.60 is yes, please describe the pricing (interest rate) of the bonds, as well as details of any applicable covenants or indentures.

***Response to Data Request Global No 1.61***

See response to Request No. 1.60 above.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.62**

Please provide details about AWC's current letter of credit, including interest rate, lender, and amount that can be borrowed. In addition, provide the amount owed by AWC under the letter of credit for each of the last twelve (12) months.

***Response to Data Request Global No 1.62***

Arizona Water Company has a \$28,000,000 line of credit with Bank of America. The interest rate is at the Bank's Reference Rate minus one-quarter (0.25) of a percentage point, the Fixed Rate or the LIBOR Rate plus 1.0 percentage point. The maximum balance borrowed for each of the twelve months from September 2005 to August 2006 is listed below.

September 2005	\$ 2,750,000
October 2005	\$ 4,900,000
November 2005	\$ 5,600,000
December 2005	\$ 9,850,000
January 2006	\$ 9,850,000
February 2006	\$ 8,250,000
March 2006	\$ 9,700,000
April 2006	\$ 13,800,000
May 2006	\$ 14,800,000
June 2006	\$ 14,200,000
July 2006	\$ 13,700,000
August 2006	\$ 16,050,000

Responder(s):      Ralph J. Kennedy

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.63**

Does AWC have any sources of debt financing other than those described in response to Global 1.60 and Global 1.62? If yes, please provide details, including interest rate, lender, and amount that can be borrowed.

***Response to Data Request Global No 1.63***

Yes. The Company borrows from Utility Investment Company at the Bank of America's Reference Rate minus one-quarter (0.25) of a percentage point, the Fixed Rate or the LIBOR Rate plus 1.0 percentage point. Aggregate annual borrowings outstanding are limited to the amount specified in the annual loan agreement approved by the ACC.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.64.**

Why has AWC not made any "Arsenic Cost Recovery Mechanism" filings for its Casa Grande system?

***Response to Data Request Global No 1.64***

Final construction costs for the Casa Grande arsenic treatment facilities are yet to be determined.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.65**

Please indicate whether AWC's earnings for its Casa Grande system are too high to satisfy the "earnings test" imposed as part of the approved Arsenic Cost Recovery Mechanism for the Casa Grande system.

***Response to Data Request Global No 1.65***

The earnings test cannot be calculated until the final arsenic treatment facilities' costs are known.

Responder(s):      Ralph J. Kennedy

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.66**

For each of the last three years, please provide the federal income tax returns of AWC and each of its affiliates and holding companies. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

***Response to Data Request Global No 1.66***

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.67**

For each of the last three years, please provide the state income tax returns of AWC and each of its affiliates and holding companies. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

***Response to Data Request Global No 1.67***

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.68**

For each of the last three years, please provide AWC's property tax statements of AWC and each of its affiliates and holding companies. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.68***

Attached are the 2003, 2004, and 2005 property tax statements for Arizona Water Company. The property tax statements are part of the annual report filed with the ACC Utilities Division. As to affiliates and holding companies, Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 1.69**

Please provide information about all performance bonds relating to AWC.

***Response to Data Request Global No 1.69***

No such bonds exist.

Responder(s):      Richard W. Henderson

**Data Request No. Global 1.70**

Please provide information about all insurance policies relating to AWC.

***Response to Data Request Global No 1.70***

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s):      Richard W. Henderson

**Data Request No. Global 1.71**

Please provide a list of all transactions or inter-company charges between AWC and its affiliates and holding companies for the last twelve months. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.71***

Arizona Water Company objects to this Data Request on the grounds that it seeks reports and information that are confidential, and the Affiliated Interest Report required under R14-2-802 is not Public Information and, accordingly, the reports are not available for inspection.

Responder(s):       Ralph J. Kennedy

**Necessity**

**Data Request No. Global 1.72**

Please provide the estimated number of customers in AWC's requested extension area for each of the first five years of operations. Please explain the basis of the estimates.

***Response to Data Request Global No 1.72***

See AWC's response to Questions 1 and 2 in Response to Staff's Insufficiency Letter, "Design Report", attached thereto.

Responder(s):       Michael J. Whitehead

**Data Request No. Global 1.73**

Please provide the estimated number of customers in AWC's requested extension area at build-out. Please explain the basis of the estimates.

***Response to Data Request Global No 1.73***

See AWC's response Questions 1 and 2 in Response to Staff's Insufficiency Letter, "Design Report", attached thereto.

Responder(s):       Michael J. Whitehead

**Data Request No. Global 1.74**

Please provide the estimated build-out date when all of AWC's requested extension area will be built-out. Please explain the basis of the estimate.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.74***

AWC lacks sufficient information to answer this request.

Responder(s):      Michael J. Whitehead

**Data Request No. Global 1.75**

Based on your answer to Global 1.72, please provide the estimated density of customers per square mile after the first five years of operations in AWC's requested extension area.

***Response to Data Request Global No 1.75***

AWC lacks sufficient information to answer this request.

Responder(s):      Michael J. Whitehead

**Data Request No. Global 1.76**

Please provide the estimated water usage per customer in AWC's requested extension area, after the first five years of operations. Please provide the basis of the estimate.

***Response to Data Request Global No 1.76***

Such estimates do not exist, however the average per customer usage for Arizona Water Company's Casa Grande system, including residential, commercial, and industrial customers for Test Year 2003 was 19,829 gallons per customer per month.

Responder(s):      Richard W. Henderson

**Data Request No. Global 1.77**

Please provide the estimated amount of groundwater pumped per customer in AWC's requested extension area, after the first five years of operations. Please provide the basis of the estimate.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.77***

Such estimates do not exist, however, the estimated average groundwater pumped per customer for Arizona Water Company's Casa Grande service area, including residential, commercial and industrial customers as reported to the Arizona Department of Water Resources in the 2005 annual report is 229,556 gallons per customer per year.

Responder(s):     Richard W. Henderson

**Data Request No. Global 1.78**

For each section of land in AWC's requested extension area, indicate whether the section is expected to be developed or undeveloped by December 31, 2011. For the purposes of this question, the term "developed" means that there will be a minimum of 500 customers in the section. Please provide the basis for any estimates used to provide this answer.

***Response to Data Request Global No 1.78***

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence, is burdensome and oppressive and overbroad.

Responder(s):     Michael J. Whitehead

**Data Request No. Global 1.79**

Please provide the estimated water usage per customer in AWC's proposed extension area, at build-out. Please provide the basis for the estimate.

***Response to Data Request Global No 1.79***

See response to Global No. 1.76.

Responder(s):     Michael J. Whitehead



**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.80**

Please provide the estimated amount of groundwater pumped per customer in AWC's requested extension area at build-out. Please provide the basis of the estimate.

***Response to Data Request Global No 1.80***

See Response to Global No. 1.77.

Responder(s): Michael J. Whitehead

**Data Request No. Global 1.81**

Please provide the number of acres in AWC's requested extension area.

***Response to Data Request Global No 1.81***

Approximately 70,494 acres.

Responder(s): Michael J. Whitehead

**Data Request No. Global 1.82**

Please provide the number of acres in AWC's requested extension area covered by requests for service specifically addressed to AWC. List any requests for service not included in AWC's Application, and provide a copy of any requests not included in AWC's Application.

***Response to Data Request Global No 1.82***

The requests for service specifically addressed to Arizona Water Company total approximately 175 acres; however, public necessity is demonstrated in part by requests for service within the extension area requested by Global which is approximately 19,373 acres.

Responder(s): Michael J. Whitehead

**Data Request No. Global 1.83**

For each section of land included in AWC's requested extension area, please provide a narrative description of why AWC believes that there is a "necessity" for service in that section.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.83***

See Response to Staff Data Request No. 3.1.

Responder(s): William M. Garfield

**Managerial and Technical Qualifications**

**Data Request No. Global 1.84**

Please provide the names of each of AWC's officers, and a brief description of their education and experience.

***Response to Data Request Global No 1.84***

See answer to 1.5 and 1.85; also see attached for Richard W. Henderson; Arizona Water Company's other officer is Robert W. Geake, Vice President and General Counsel; B.S., West Liberty State College in 1975; J.D., West Virginia University, 1978; employed as Staff Attorney at Public Service Commission of West Virginia until being employed at Arizona Water Company (in current position since March, 1984); member of State Bars of West Virginia and Arizona since 1978 and 1984, respectively, and has been a director of Arizona Water Company since December, 1989.

Responder(s): William M. Garfield

**Data Request No. Global 1.85**

Please provide the names of each member of AWC's board of directors, and a brief description of their education and experience.

***Response to Data Request Global No 1.85***

**William M. Garfield, Robert W. Geake** (see Responses to Data Requests 1.5 and 1.84); **R.E. Polenske**, Retired (1993) Former President of Arizona Water Company (see attached).

**Robert H. Nicholson, Jr.**, Chairman of the Board and Chief Executive Officer of Arizona Water Company and San Gabriel Valley Water Company. Mr. Nicholson graduated from UCLA in 1959 with a Bachelor of Science degree in Business Administration. He joined San Gabriel Valley Water Company that year as Vice President, became President in 1969, and Chairman of the Board in 1983. Since 1978 he has been Chairman of the Board and a director of Arizona Water Company. Mr.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

Nicholson was Secretary/Treasurer and a director of the Upper San Gabriel Valley Municipal Water District from 1987 to 1990 and a director of Fontana Union Water Company from 1972 to 1987. He was also a member of the Main San Gabriel Basin Watermaster from 1977 to 1986 and served as its Vice Chairman. In addition, he is a life member of the American Water Works Association.

**Michael L. Whitehead**, Assistant Secretary of Arizona Water Company and President and Chief Operating Officer of San Gabriel Valley Water Company. Mr. Whitehead has a Bachelors degree from California State University, Northridge, and a Juris Doctorate from the University of West Los Angeles, School of Law. He was admitted to the California State Bar in 1977. He joined San Gabriel Valley Water Company in 1979 as Vice President and General Counsel. In 1985, Mr. Whitehead was promoted to Executive Vice President and General Counsel and was elected to the Board of Directors. In 1989, he was elected President of San Gabriel Valley Water Company. Mr. Whitehead has served as a member of the Main San Gabriel Basin and the Chino Basin Watermasters. He is also Vice President and a director of Fontana Union Water Company, a director and Assistant Secretary of Arizona Water Company a board member of the San Gabriel Basin Water Quality Authority, a director of the National Association of Water Companies, a director of the California Water Association, and a member of the American Water Works Association.

**Frank A. LoGoidice**, Vice President of Engineering and Operations of San Gabriel Valley Water Company. Mr. LoGuidice received a Bachelor of Science degree from California State Polytechnic University, Pomona, in 1975. Mr. LoGuidice is a registered civil engineer in California. He became a director of Arizona Water Company, he is also Vice President and a director of Fontana Union Water Company and a member of the American Water Works Association. Mr. LoGuidice has been employed by San Gabriel Valley Water Company since 1965 in a number of capacities, including Chief Engineer, Manager of Engineering and Planning, Vice President-Engineering. In 1994 he was elected Vice President-Engineering and Operations.

**Robert W. Nicholson**, Vice President and a director of San Gabriel Valley Water Company. Mr. Nicholson received a Bachelor of Arts degree from the University of California at Berkley in 1989. Mr. Nicholson has been employed by San Gabriel Valley Water Company since February 1990 and has held the positions of Property Manager and Personnel Manager. In 1994, he was elected to his current position of Vice President. In August 1993, he became a Director of Arizona Water Company. He is also a member of the Main San Gabriel Basin Watermaster.

Responder(s): William M. Garfield

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 1.86**

Please describe the experience, if any, of AWC's management in providing reclaimed water services.

***Response to Data Request Global No 1.86***

See Arizona Water Company's responses to Global Data Requests Nos. 1.17 and 1.18.

Responder(s): William M. Garfield

**Data Request No. Global 1.87**

Please describe the experience, if any, of AWC's management in providing wastewater services.

***Response to Data Request Global No 1.87***

Until 1990, Arizona Water Company operated wastewater systems in its Lakeside and Overgaard service areas.

Responder(s): William M. Garfield

**Data Request No. Global 1.88**

Please provide a list of all engineers employed by AWC, and a brief description of their education and experience. Include whether the engineer holds an Arizona "professional engineer" registration, the registration type and number.

***Response to Data Request Global No 1.88***

**William M. Garfield**, President; has a BS from Southern Illinois University with honors in Thermal and Environmental Engineering; extensive experience with Arizona Water Company since 1984 in water system planning and design, member of numerous professional associations and groups.

**Michael J. Whitehead**, Vice President, Engineering; B.S. degree in Mechanical Engineering, Arizona State University, 1980 received P.E. License, 1984; 26 years with Arizona Water Company.

**James Thomas Wilson**, B.S. in Mechanical Engineering, Arizona State University, 1998. Received P.E. License, June 2004 (#41046), eight (8) years with Arizona Water Company.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

**Michael Loggins**, B.S. in Mechanical Engineering, University of Evansville, 2001 and five (5) plus years of experience in the water industry with Arizona Water Company.

Responder(s):      **Michael J. Whitehead**

**Data Request No. Global 1.89**

Please list all certified operators employed by AWC who are certified in wastewater treatment or operations.

***Response to Data Request Global No 1.89***

**Kim Boucher**, **Jerry Dexel**, **Wade Goodall**, **Dan Hernandez**, **Lee Hetrick**, **Bill Odom**, **Freddy Rios**, **Lynn Schroyer**, **Jacquie Smith**, **Bill Staples**.

Responder(s):      **Richard W. Henderson**

**Data Request No. Global 1.90**

Please list all certified operators employed by AWC who are certified in wastewater collection.

***Response to Data Request Global No 1.90***

**Kim Boucher**, **Jerry Dexel**, **Dan Hernandez**, **Lee Hetrick**, **Freddy Rios**, **Lynn Schroyer**, **Jacquie Smith**, **Bill Staples**.

Responder(s):      **Richard W. Henderson**

**Integration**

**Data Request No. Global 1.91**

Does AWC dispute the proposition that integrated water, wastewater, and reclaimed water services can be more efficient through the use of common facilities and employees? If yes, please provide a complete explanation, including a copy of all studies supporting AWC's position.

***Response to Data Request Global No 1.91***

Arizona Water Company disputes that benefits are necessarily achieved in every case or in cases where the two services are provided by separate entities owned by a holding

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET No. W-01445A-06-0199 ET AL.)**

company. More importantly, the Company disputes that even when a modest benefit might be achieved by a single entity or two aligned entities, that it could outweigh the benefits of a larger, single service provider. No study supporting the proposition in Global No. 1.91 has been provided to Arizona Water Company nor does it have direct knowledge of such a study.

Responder(s): William M. Garfield

**Data Request No. Global 1.92**

Does AWC share information about its customers with other entities or persons? If yes, please describe any requirements in the contracts with such entities or persons regarding the safeguarding of that information and restrictions on the use of that information.

***Response to Data Request Global No 1.92***

Arizona Water Company shares limited water usage information for its customers in Casa Grande, Coolidge, Lakeside and Bisbee for wastewater billing purposes by those cities. Arizona Water Company has no contracts for these arrangements. Arizona Water Company does have a written agreement with Coronado Utility Company to provide water usage of its San Manuel customers for wastewater billing (the agreement limits the information to that use).

Responder(s): William M. Garfield

**Data Request No. Global 1.93**

If the answer to Global 1.92 is yes, please provide a copy of the Commission order authorizing the sharing of customer information.

***Response to Data Request Global No 1.93***

There is no Commission order.

Responder(s): William M. Garfield

**Data Request No. Global 1.94**

Who will be the wastewater provider in AWC's proposed extension area?

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
FIRST SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 1.94***

See Arizona Water Company's response to Staff Data Request LJ 1.5.

Responder(s): William M. Garfield

**Data Request No. Global 1.95**

Please provide a copy of all communications between AWC and any other person or entity concerning the provision of wastewater service to AWC's proposed extension area.

***Response to Data Request Global No 1.95***

See Arizona Water Company's response to Global Data Request No. 1.94.

Responder(s): William M. Garfield

**Data Request No. Global 1.96**

Under its current rate structure, does AWC have a financial incentive to sell more water, or less water?

***Response to Data Request Global No 1.96***

There is no incentive to do either.

Responder(s): Ralph J. Kennedy

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
SECOND SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 2.1**

Have the shareholders of AWC's ultimate parent company pledged their personal credit for the benefit of AWC in the past five years? If yes, please describe the circumstances, including the date and length of the pledge, the purpose of the pledge, and the amount of the pledge.

***Response to Data Request Global No 2.1***

No.

Responder(s):     Ralph J. Kennedy

**Data Request No. Global 2.2**

Please provide copies of all of AWC's letters of credit for the last five years. If the terms and conditions are not fully set forth in the letters of credit you provide, please also provide any additional, supplemental, or ancillary agreements or documents relating to the letters of credit.

***Response to Data Request Global No 2.2***

A copy of Arizona Water Company's 2002 Bank Loan Agreement and the various Amendments thereto are attached.

Responder(s):     Ralph J. Kennedy

**Data Request Global No. 2.3**

Please provide copies of all of AWC's performance bonds for the last five years. If the terms and conditions are not fully set forth in the performance bonds you provide, please also provide any additional, supplemental, or ancillary agreements or documents relating to the performance bond.

***Response to Data Request Global No 2.3***

No such bonds exist.

Responder(s):     Richard W. Henderson



**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
SECOND SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

**Data Request No. Global 2.4**

Please provide a copy of any financial analysis performed by AWC (or consultants or agents on AWC's behalf) with respect to serving AWC's requested extension area. If the analysis is an "Excel" document, provide an electronic copy with all formulas intact. Also, please describe any assumptions relating to the analysis.

***Response to Data Request Global No 2.4***

A financial analysis was not prepared.

Responder(s):      Ralph J. Kennedy

**Data Request No. Global 2.5**

Please provide the estimated cost per equivalent dwelling unit ("EDU") of AWC's facilities in AWC's requested extension area.

***Response to Data Request Global No 2.5***

No such cost estimate was made.

Responder(s):      William M. Garfield

**Data Request No. Global 2.6**

Please provide the total estimated capital expenditure needed for AWC to serve AWC's requested extension area. Please describe the basis for the estimate.

***Response to Data Request Global No 2.6***

See Design Report for proposed CCN extension, Attachment A to AWC's Response to Staff's Insufficiency letter.

Responder(s):      Michael J. Whitehead, William M. Garfield

**Data Request No. Global 2.7**

Please provide a timeline for the proposed capital expenditures needed for AWC to serve AWC's requested extension area. Please describe the basis for the estimate.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
SECOND SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 2.7***

See response to Global No. 2.6.

Responder(s):      Michael J. Whitehead, William M. Garfield

**Data Request No. Global 2.8**

Please provide the estimated capital expenditure planned by AWC for reclaimed water facilities in AWC's requested extension area. Please describe the basis for the estimate.

***Response to Data Request Global No 2.8***

Arizona Water Company's "Water Resource Master Plan" referred to in response to Global Data Request 1.17, which will include planning for reclaimed water facilities, has not been completed and, as a result, capital expenditure information is not yet available.

Responder(s):      William M. Garfield

**Data Request No. Global 2.9**

Please provide the estimated capital expenditure planned by AWC for surface water facilities in AWC's requested extension area. Please describe the basis for the estimate.

***Response to Data Request Global No 2.9***

See response to Global Data Request 2.6. In addition, Arizona Water Company estimated a capital cost of \$1.30 per gallon per day surface water treatment plant capacity for CAP and other surface water supplies. Phase I of such surface water treatment facilities was estimated to include an additional cost of \$8 million due to initial installation of facilities to be used for all phases of such plants, such as bridges, roadway access, raw water conveyance facilities, etc.

Responder(s):      Michael J. Whitehead, William M. Garfield

**Data Request No. Global 2.10**

Please provide the estimated capital expenditure planned by AWC for recharge wells in AWC's requested extension area. Please describe the basis for the estimate.

***Response to Data Request Global No 2.10***

No such estimate was made.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
SECOND SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

Responder(s): William M. Garfield

**Data Request No. Global 2.11**

Please describe the sources of the capital that AWC will use to pay for the construction of the facilities necessary to serve AWC's requested extension area. For the purposes of this question, "capital" includes debt, equity, advances-in-aid-of construction, and contributions-in-aid-of-construction.

***Response to Data Request Global No 2.11***

Company-financed infrastructure facilities will utilize bank loans, bond sales and retained earnings. Other development specific facilities will be financed with advances for construction and contributions-in-aid-of-construction.

Responder(s): Ralph J. Kennedy

**Data Request No. Global 2.12**

Please describe the experience of AWC or any of its affiliates in operating integrated water, wastewater, and reclaimed water utilities. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

***Response to Data Request Global No 2.12***

Arizona Water Company does not currently provide wastewater service, however, Arizona Water Company will work with Southwest Water Company, the City of Casa Grande and other wastewater service providers in the extension area to coordinate the use of reclaimed water and other related wastewater service matters with such wastewater service providers. Arizona Water Company's affiliate, San Gabriel Valley Water Company, does not provide wastewater service and Arizona Water Company has no knowledge of its affiliates' interactions with wastewater providers or reclaimed water facilities.

Responder(s): William M. Garfield

**Data Request No Global 2.13**

Please describe the experience of AWC's affiliates in operating surface water treatment facilities. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
SECOND SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No 2.13***

The Company has no knowledge of its affiliates' experience in operating such facilities.

Responder(s): William M. Garfield

***Data Request No. Global 2.14***

Please describe the experience of AWC's affiliates in operating reclaimed water facilities. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

***Response to Data Request Global No 2.14***

AWC's Superstition System has been providing reclaimed water service since 1989. Arizona Water Company has no knowledge of its affiliates' experience in operating such facilities.

Responder(s): William M. Garfield

***Data Request No. Global 2.15***

Please describe the experience of AWC's affiliates in operating recharge wells. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

***Response to Data Request Global No 2.15***

Arizona Water Company does not have knowledge of its affiliates' experience in operating recharge wells.

Responder(s): William M. Garfield

***Data Request No. Global 2.16***

What is AWC's CAP allocation for its Casa Grande system? How long has AWC held this allocation? For each of the last five years, indicate how much of this allocation AWC used to serve customers in its Casa Grande system. In addition, please indicate how much of this allocation AWC used to serve residential customers in its Casa Grande system.

**ARIZONA WATER COMPANY'S  
RESPONSE TO GLOBAL'S  
SECOND SET OF DATA REQUESTS (REVISED)  
(DOCKET NO. W-01445A-06-0199 ET AL.)**

***Response to Data Request Global No. 2.16***

See responses to Global 1.27 and 1.29.

Responder(s): William M. Garfield

***Data Request No. Global 2.17***

What is AWC's CAP allocation for its Stanfield system? How long has AWC held this allocation? For each of the last five years, indicate how much of this allocation AWC used to serve customers in its Stanfield system. In addition, please indicate how much of this allocation AWC used to serve residential customers in its Stanfield system.

***Response to Data Request Global No 2.17***

Arizona Water Company has no separate CAP allocation for Stanfield.

Responder(s): William M. Garfield

***Data Request No. Global 2.18***

Has AWC ever used CAP water to serve any of its residential customers in its Casa Grande or Stanfield system?

***Response to Data Request Global No 2.18***

See AWC Response to Global 1.29.

Responder(s): William M. Garfield

# EXHIBIT D

**Palo Verde's and Santa Cruz's  
Third Set of Data Requests to Arizona Water Company  
February 28, 2007**

Global 3.1 Please provide the audited financial statements, if any, of Arizona Water Company for the last three years. Also, provide the most recent 3 quarterly financial statements of Arizona Water Company (audited or unaudited).

**Response to Data Request Global 3.1:**

Arizona Water Company's audited financial statements for 2003, 2004 and 2005 are attached. The quarterly financial statements of Arizona Water Company for March 2006, June 2006 and September 2006 are also attached.

Responder(s): Ralph J. Kennedy

Global 3.2 Please provide the audited financial statements of each entity listed in response to Global 1.3 for the last three years. If audited financial statements are not available, then provide un-audited financial statements for those years.

**Response to Data Request Global 3.2:**

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence. Arizona Water Company follows regulatory procedures established by the Arizona Corporation Commission and Arizona law, and does not engage in the improper and non-traditional financing schemes that are being investigated by the Commission and other parties. It is only the Global entities' conduct that is subject to inquiry, not Arizona Water Company's.

Responder(s): Ralph J. Kennedy

**Palo Verde's and Santa Cruz's  
Third Set of Data Requests to Arizona Water Company  
February 28, 2007**

Global 3.3 Please describe each transaction between Arizona Water Company and Rosemead Properties, Inc. for the last five years. Provide copies of the journal entries relating to such transactions.

**Response to Data Request Global 3.3:**

Journal entries for all transaction between Arizona Water Company and Rosemead Properties, Inc. for 2002, 2003, 2004, 2005 and 2006 are attached.

Responder(s): Ralph J. Kennedy

Global 3.4 Please provide a copy of each contract currently in effect between Arizona Water Company and Rosemead Properties, Inc.

**Response to Data Request Global 3.4:**

Please see the attached leases. Rosemead Properties, Inc. is the successor to the original landlord in the office lease for the Lakeside Division office.

Responder(s): William M. Garfield

Global 3.5 Please list each utility (assets or stock), or interest in a utility, acquired by Arizona Water Company or any entity listed in response to Global 1.3, in the last five years. For each such acquisition, provide the purchase price and a copy of any acquisition agreements or documents.

**Response to Data Request Global 3.5:**

None.

Responder(s): William M. Garfield

Global 3.6 Please list each court case or administrative proceeding in which Mr. Keith R. Larson has previously testified.



**Palo Verde's and Santa Cruz's  
Third Set of Data Requests to Arizona Water Company  
February 28, 2007**

**Response to Data Request Global 3.6:**

Sun City Taxpayer's Association vs. Recreation Centers of Sun City,  
Maricopa County Superior Court Case No. CV2001-006415.  
ACC Docket No. W-01656A-98-0577  
ACC Docket No. SW-02334-98-0577

Responder(s):      Keith R. Larson

Global 3.7    Please list all articles written by Mr. Keith R. Larson.

**Response to Data Request Global 3.7:**

Dziegielewski, B.; W.R. Mee Jr. and K.R. Larson. 1992. Developing a  
Long-Term Drought Plan for Phoenix, Journal AWWA 84(10):46-51.

Responder(s):      Keith R. Larson

Global 3.8    Please provide a copy of the "Water Resource Master Plan" mentioned  
in response to Global 1.17.

**Response to Data Request Global 3.8:**

As responded in Global 1.17, and as of this date, the Water Resource  
Master Plan has not been completed.

Responder(s):      William M. Garfield

Global 3.9    Admit that United Resources, Inc. is a public service corporation. If you  
deny, provide a detailed statement explaining your denial.

**Response to Data Request Global 3.9:**

Deny. United Resources, Inc. has never furnished water or any other  
service listed in Art. XV, §2, Arizona Constitution, for public purposes,  
nor has it acted as alter ego for any public service corporation,

**Palo Verde's and Santa Cruz's  
Third Set of Data Requests to Arizona Water Company  
February 28, 2007**

"coordinated" water utility services, marketed ICFAs, or similar conduct engaged in by the Global entities.

Responder(s): William M. Garfield

Global 3.10 Admit that Utility Investment Company is a public service corporation. If you deny, provide a detailed statement explaining your denial.

**Response to Data Request Global 3.10:**

Deny. Utility Investment Company has never furnished water or any other service listed in Art. XV, §2, Arizona Constitution, for public purposes nor has it acted as alter ego for any public service corporation, "coordinated" water utility services, marketed ICFAs, or similar conduct engaged in by the Global entities.

Responder(s): William M. Garfield

Global 3.11 Admit that Rosemead Properties is a public service corporation. If you deny, provide a detailed statement explaining your denial.

**Response to Data Request Global 3.11:**

Deny. Rosemead Properties has never furnished water or any other service listed in Art. XV, §2, Arizona Constitution, for public purposes nor has it acted as alter ego for any public service corporation, "coordinated" water utility services, marketed ICFAs, or similar conduct engaged in by the Global entities.

Responder(s): William M. Garfield

Global 3.12 Describe each transaction between Arizona Water Company and any affiliates (including any entity listed in response to Global 1.3) for the last five years. Provide copies of the journal entries relating to such transactions.

**Palo Verde's and Santa Cruz's  
Third Set of Data Requests to Arizona Water Company  
February 28, 2007**

**Response to Data Request Global 3.12:**

Journal entries for all transactions between Arizona Water Company and Utility Investment Company for 2002, 2003, 2004, 2005, and 2006 are attached. Please see response to Global 3.3 for Rosemead Properties Inc. transactions. Arizona Water Company has not engaged in transactions with any other affiliate or entity listed in response to Global 1.3.

Responder(s):      Ralph J. Kennedy

Global 3.13 Provide an accounting of funds received by Arizona Water Company from any affiliates (including any entity listed in response to global 1.3) for the last five years.

**Response to Data Request Global 3.13:**

Journal entries accounting for funds received by Arizona Water Company from an affiliate for 2002, 2003, 2004, 2005, and 2006 are included in the responses to Global 3.3 and Global 3.12.

Responder(s):      Ralph J. Kennedy

**Palo Verde's and Santa Cruz's  
Third Set of Data Requests to Arizona Water Company  
February 28, 2007**

Global 3.14 Please provide any and all supporting documentation that justifies Mr. Kennedy's assertion that Arizona Water Company has 70% equity in its capital structure (See Kennedy Rebuttal at 7:5). If Mr. Kennedy still believes that a "simple visual inspection" leads to the conclusion that Arizona Water Company has 70% equity in its capital structure describe his justification for making that conclusion.

**Response to Data Request Global 3.14:**

**Arizona Water Company  
Statement Of Capitalization  
December 31, 2005**

Description	Amount	Percent
Short-Term Debt	\$9,850,000	9.86%
Long-Term Debt	21,000,000	21.02%
Common Stock Equity	69,050,659	69.12%
Total	<u>\$99,900,659</u>	<u>100.00%</u>

Responder(s):     Ralph J. Kennedy

Global 3.15 Provide a schedule calculating Arizona Water Company's capital structure that ties to the financial statements provided in response to Global 3.1.

**Response to Data Request Global 3.15:**

See response to 3.14.

Responder(s):     Ralph J. Kennedy

C

**COMMISSIONERS**

**Mike Gleason, Chairman**  
**Jeff Hatch-Miller**  
**William A. Mundell**  
**Kristin K. Mayes**  
**Gary Pierce**

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AZ CORP COMMISSION  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY FOR AN  
EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY

Docket No. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION  
OF PALO VERDE UTILITIES COMPANY  
FOR AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY

Docket No. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION  
OF SANTA CRUZ WATER COMPANY FOR  
AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY

Docket No. W-03576A-05- 0926

**ARIZONA WATER COMPANY'S  
REPLY IN SUPPORT OF ITS  
MOTION TO COMPEL AND  
RESPONSE TO GLOBAL'S  
CROSS-MOTIONS**

Arizona Water Company hereby submits the following reply in support of its motion to compel Applicants Santa Cruz Water Company ("SCWC") and Palo Verde Utilities Company ("PVUC") to produce documents and information in their possession and the possession of their affiliated and related entities (collectively, "Global") in response to Arizona Water Company's data requests. Arizona Water Company also responds to Global's cross-motion to compel and cross-motion for a protective order.

**I. Response to Global's "Preliminary Statement" and "Threshold Issues."**

Global contends that it has provided Arizona Water Company with "an extraordinary level of access." Global's Response at 2. This is inaccurate in all respects. In fact, as will be discussed in detail *infra*, Global has sought to impede Arizona Water Company's access to basic information and documents at every turn. For example, Global has produced cryptic information about its Infrastructure Coordination and Financing Agreements ("ICFAs"), including an illegible chart apparently listing 210 ICFAs, but has produced copies of only 129 ICFAs. Rather than allowing access to the journal entries of all of its companies and affiliates, especially the transfers to and within Global Water Resources, including ICFA funds, Global instead made Arizona Water Company's representatives wait hours before disclosing incomplete and fragmentary information about only one affiliate--SCWC. The limited and vague access that Global has provided has been "extraordinary" only as it relates to the difficulty and confusion created by Global.

Global also complains that Arizona Water Company should have provided a separate statement of counsel concerning its efforts to resolve this matter and should have engaged in further "consultation between counsel." Global's Response at 3. The background and history of Arizona Water Company's efforts to resolve this matter are fully discussed in Arizona Water Company's motion to compel at pages 2-3 and Tabs A - I. This serves as ample evidence that the parties have consulted on many occasions in an attempt to resolve the issues.<sup>1</sup> Global also contends that now "the Global Utilities are willing to agree to several of the requests made by AWC." Response at 3. If that is the case, Global should simply produce the materials forthwith. However, Global has failed to do so as of this date.

Global also asserts that this docket is stayed in all regards and that "further discovery in this case should cease." Response at 4. That assertion is wrong. Judge Kinsey never ruled that all discovery would be stayed in this matter. Arizona Water Company sought a

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<sup>1</sup> In fact, Global has failed to include such a separate statement of counsel in support of its own cross-motion to compel.

1 stay in the hearing in part so that discovery could proceed in light of Global's eve-of-the-  
2 hearing revelation of its acquisition of CP Water Company and Francisco Grande Utility  
3 Company, after strenuously objecting and refusing to respond to Arizona Water Company's  
4 prior data requests concerning Global's acquisitions. See Arizona Water Company's  
5 Motion to Stay Proceedings filed February 26, 2007 at 4. The Commission granted the stay  
6 at a procedural conference on February 28, 2007. In a Procedural Order dated March 6,  
7 2007, which Global quotes in its Response at page 4, the Commission explicitly stated that  
8 ***"IT IS FURTHER ORDERED that the parties shall continue to engage in discovery . . .***  
9 ***."*** 3/6/07 Procedural Order at 6 (emphasis added). The Commission's subsequent  
10 Procedural Order filed March 9, 2007 directed the parties to file a response to the Staff's  
11 recommendations, but did not alter the order requiring discovery to go forward. See  
12 3/9/2007 Procedural Order. In short, Global's claim that the stay order prevents Arizona  
13 Water Company from filing its motion to compel discovery against Global in this docket is  
14 groundless.

## 15 **II. Documents and Information Sought.**

### 16 **A. ICFAs.**

17 Global contends that it has produced copies of "all" ICFAs. Response at 2, 5. In  
18 fact, Global has made it extraordinarily difficult to determine basic information such as the  
19 number of ICFAs. Arizona Water Company first asked for copies of all ICFAs in data  
20 requests served on October 3, 2006. Initially, Global produced only a list (in extremely tiny  
21 font) of apparently 210 ICFAs, identifying builders/owners such as "various" and "W half  
22 of NEQ of NWQ Sec 4 T5S R4E." See Global's "Attachment AWC 1-1," attached as  
23 Exhibit A to this Reply. The list provided no parcel numbers, legal descriptions, or  
24 locations, and vague or nonexistent information about the individuals contacted. Global  
25 then referred Arizona Water Company to various county recorder's offices across the state  
26 to go look for further information. On May 9, 2007, *seven months after Arizona Water*  
27 *Company's request*, Global produced a CD containing 129 ICFAs. However, through its  
28



1 own efforts, Arizona Water Company was aware of at least three other ICFAs in addition to  
2 the 129 that Global disclosed. Arizona Water Company orally informed Global of that fact  
3 and asked if there were other undisclosed ICFAs. Global responded that the three identified  
4 by Arizona Water Company were not disclosed because, although fully executed, they had  
5 not been recorded and therefore, in Global's view, were not "final." Global promised to  
6 investigate, but has not produced any additional information. Thus, Arizona Water  
7 Company still does not know the full extent of Global's ICFAs and whether the entire  
8 universe of ICFAs totals 210, or 129 plus 3, or some other number.

9  
10 Global also asserts that, on March 16, 2007, in response to AWC 4.19, Global agreed  
11 to calculate the total expected proceeds from ICFAs in the requested CCN extension area.  
12 Response at 5 & n. 13. More than three months have passed since Global made that  
13 commitment, and Global has so far failed to provide the promised calculation of proceeds.  
14 Global also claims that it has agreed to produce maps of ICFA areas. *Id.* at 6. In fact,  
15 Global failed to produce such maps, stating instead that "certain CC&N Applications" may  
16 contain maps and referring Arizona Water Company to records in various county recorder's  
17 offices. *See* Global's Response to AWC 1.6. Global has brushed aside and refused to  
18 comply with Arizona Water Company's request for full information about the date and  
19 manner of contacts with property owners, and the promises made, and instead Global has  
20 simply argued irrelevance and burden. However, these data requests are crucial towards  
21 discovery of the full extent and details of Global's ICFA financing methods – and Global  
22 should be ordered to produce full and complete information. Indeed, without requested  
23 discovery, the Commission will be deprived of facts and evidence needed to determine  
24 whether the developers "voluntarily signed ICFAs," as Global claims. Response at 6.

25 **B. Agreements with Municipalities, Counties and Other Governmental  
26 Entities.**

27 In data requests served on October 3, 2006, Arizona Water Company asked that  
28 Global provide information about any agreements Global had with municipalities and other  
governmental entities. Although Arizona Water Company may have had some version of

1 Global's agreement with the City of Casa Grande, Arizona Water Company was uncertain if  
2 it had a full and complete copy, and it did not know whether Global had agreements with  
3 other governmental entities. After a painstaking process, including recent depositions in the  
4 Formal Complaint matter, Global has finally admitted that it has so-called "Public Private  
5 Partnership" agreements with Casa Grande and Maricopa, as well as an agreement with the  
6 Ak-Chin Community. Global now states, *eight months after the initial request*, that it "will  
7 deliver copies of the Casa Grande and Maricopa P3s to AWC's counsel." Response at 7.  
8 Similarly, Global now claims that it will provide a calculation of "the amounts paid to each  
9 city." *Id.* at 8 (chart discussing 1.14). However, as of today's date, Global has still failed to  
10 do so.

11 Moreover, Global has still failed to produce other requested information related to its  
12 agreements with governmental entities, including copies of any correspondence and  
13 communications with municipalities concerning these agreements. Such materials are  
14 crucial to developing the facts and evidence necessary for the Commission to understand the  
15 full extent of Global's promises and representations to the governmental entities, and thus  
16 are relevant and should be produced.

17 **C. Global's Ownership and Sources of Equity.**

18 The sources of Global's equity are crucial issues in this proceeding, particularly  
19 whether, how, and to what extent Global has used funds received under its ICFA's to fund  
20 SCWC and PVUC. However, Global has continually sought to block Arizona Water  
21 Company's inquiries on these issues, in particular, the tracing of ICFA monies through  
22 Global Water Resources and down to the regulated subsidiaries, and the flow of equity from  
23 outside investors through the unregulated parent Global Water Resources to the regulated  
24 subsidiaries.

25 For example, Global contends that it has allowed Arizona Water Company to inspect  
26 journal entries for *both* SCWC and PVUC. Global's Response at p. 8, l. 22 through p. 9, l. 1  
27 ("The Global Utilities [a defined term including both SCWC and PVUC] also agreed to let  
28

1 AWC inspect their journal entries regarding equity.”) In fact, this has not occurred. Global  
2 has only allowed inspection of narrow journal entries related to SCWC, not PVUC, and has  
3 flatly refused to allow inspection of journal entries tracking the flow of ICFA monies into  
4 Global Water Resources (the unregulated parent), within Global Water Resources, and out  
5 to the regulated subsidiaries. Representatives of Arizona Water Company visited Global’s  
6 offices on June 14, 2007, at 10:30 a.m., a date selected by Global after one postponement.  
7 See Exhibit B, Affidavit of Joseph D. Harris. Global kept Arizona Water Company’s  
8 representatives waiting an hour while Global purported to gather the relevant records, again  
9 for SCWC only, for 2004, 2005 and 2006. At 11:30 a.m., it became clear that Global did  
10 not have the materials ready, so Arizona Water Company’s representatives agreed to return  
11 at 1 p.m., by which time the relevant records were supposed to be available. *Id.* When  
12 Arizona Water Company’s representatives returned at 1 p.m., they were kept waiting until  
13 1:30 p.m., at which time Global produced approximately 150 sheets of paper which Global  
14 admitted represented SCWC records for only 2006. *Id.* The records for 2004 and 2005  
15 were still unavailable. *Id.* The 2006 records were confusing and incomplete, and Global  
16 insisted that all review take place right then in its offices. *Id.* Global refused to allow  
17 Arizona Water Company to make copies of any of the materials, and the parties agreed that  
18 Arizona Water Company’s representatives would return at a later date when more complete  
19 records were supposed to be made available. *Id.* Since that time, Arizona Water Company  
20 has continued its efforts to gain access to the requested materials, and Global has continued  
21 to delay and obstruct access. *Id.*

22 Global has argued that it should not be required to disclose its sources of equity and  
23 other information on the grounds that such information is confidential and competitively  
24 sensitive, citing to *Arizona Portland Cement Company v. Arizona State Tax Court*, 185  
25 Ariz. 354, 916 P.2d 1070 (App. 1995). Response at 9. That case fails to support Global’s  
26 argument. In *Arizona Portland Cement*, the cement company sued to recover taxes paid  
27 under protest and Pima County then sought extensive business records to support its  
28

1 valuation of the cement company's business property. The County refused to enter into a  
2 confidentiality agreement, arguing that the business records became public documents once  
3 disclosed to the County. The Court of Appeals disagreed, holding that the information  
4 remained "confidential information" even after production to the County and that the tax  
5 court should have granted the taxpayer's motion for a protective order. 185 Ariz. at 357,  
6 916 P.2d at 1073.<sup>2</sup>

7 In short, *Arizona Portland Cement* stands for the proposition that the public records  
8 law does not allow a county to disclose confidential information it receives in tax litigation  
9 to third parties. In contrast, the question of how Global has used the funds it collects under  
10 its ICFAs is crucial to this proceeding. Neither Arizona Water Company nor the  
11 Commission has argued that the information must be treated as a public record and  
12 disclosed to third parties. In contrast, Arizona Water Company has offered to enter into a  
13 confidentiality agreement for specific privileged or confidential information identified and  
14 disclosed by Global.

15 Global has also sought to obfuscate this issue by demanding information from  
16 Arizona Water Company about its affiliates. However, Global is seeking to confuse apples  
17 and oranges. Arizona Water Company's parent and affiliates have never entered into ICFAs  
18 with property owners and have never acted as public service companies in Arizona outside  
19 of the regulation of the Commission, as is the case with Global. A central issue of this  
20 proceeding is for the Commission to determine whether and to what extent the various  
21 activities and financing schemes of the unregulated Global entities require the  
22 Commission's oversight and regulation, and whether the requested CCN areas should be  
23

24  
25 <sup>2</sup> Global also cites *Federal Trade Commission v. Crowther*, 430 F.2d 510 (D.C. Cir.  
26 1970) but that case has even less relevance to this matter. In that case, Court of  
27 Appeals for the D.C. Circuit merely held that the FTC could not abandon without  
28 explanation a procedure for compiling business information so as to prevent  
attribution of particular information to identifiable business competitors. There is no  
question here of the Commission abandoning prior procedures.

1 granted to Arizona Water Company and not to the regulated Global subsidiaries under these  
2 circumstances.

3 **D. Global's Inter-Company Agreements Related to Effluent.**

4 Global now states, *eight months after Arizona Water Company requested copies of*  
5 *inter-company agreements on effluent*, that "To clear up any confusion, this agreement will  
6 be provided to AWC." Response at 11. However, Global has still failed to provide the  
7 agreement and should be ordered to do so forthwith.

8 **E. Information on Alleged Savings and Benefits of Integrated Services.**

9 Global has continually trumpeted the alleged benefits of "integrated" water and  
10 wastewater services, but has failed to provide any specific quantification of those alleged  
11 benefits or savings. Arizona Water Company has requested that Global provide an  
12 accounting of those alleged savings or benefits, or confirm that no such calculation can be  
13 made. Global has sought to evade this issue at every turn, and now states that "preparing an  
14 exact quantification would be very difficult." Response at 11. However, Global apparently  
15 still intends to suggest that such savings or benefits exist – even if Global cannot or will not  
16 quantify them. Because of Global's inability to calculate any alleged savings, Global should  
17 be barred from arguing the extent or even existence of any such savings or benefits in these  
18 proceedings.

19 **F. Targets for Expansion.**

20 Global has concealed its expansion and acquisition plans from discovery, only to  
21 reveal its acquisitions at the time of its choosing in its direct testimony. Global even argues  
22 that those acquisitions are additional grounds for awarding the CCN expansion area to  
23 Global. Global has sought to justify such behavior on the grounds that its acquisition targets  
24 and tactics are confidential. Response at 11. However, Global's expansion plans and  
25 tactics, and particularly Global's use of ICFA funds to fuel its expansion, relate directly to  
26 Global's fitness to serve and therefore are central issues in this proceeding. Global also  
27 should not be allowed to selectively reveal its acquisitions to further its own CNN expansion  
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1 arguments after it has concealed that information from legitimate discovery requests. For  
2 these reasons, the Commission should direct Global to respond fully to Arizona Water  
3 Company's data requests on Global's expansion targets.

4 **G. CAAG Plan and Process.**

5 *Eight months after Arizona Water Company served its data requests*, Global stated  
6 that it "will provide" a copy of the requested CAAG plan. Response at 12. However, two  
7 weeks later, Global still has not provided the promised document. More importantly,  
8 Arizona Water Company also sought documents and information related to Global's efforts  
9 to obtain such a plan, including correspondence, proposals, negotiations, and other  
10 materials. Global has so far refused to produce such materials, and should be directed to do  
11 so.

12 **H. Hydrological Reports.**

13 Global has refused to disclose any hydrological reports related to its requested  
14 expansion area, first claiming confidentiality and now even asserting work-product  
15 protection. Response at 12. However, Arizona Water Company has agreed to enter into a  
16 confidentiality agreement related to such hydrological information, and such reports are  
17 directly relevant to Global's plans to serve its requested expansion area. Global's objections  
18 lack merit, and Global should be ordered to produce the requested documents.

19 **I. Prior Conduct of Global's Officers.**

20 The prior conduct of Global's officers and stockholders during their operation of  
21 wastewater utilities in Canada is directly relevant to Global's fitness to serve the requested  
22 expansion area. After previously arguing that inquiry into such issues was not relevant,  
23 Global now claims that the matters have been "fully investigated and considered" and that  
24 any further inquiry constitutes a collateral attack on a Commission ruling. Response at 13.  
25 Global's argument is absurd and, if taken to its logical conclusion, would prevent the  
26 Commission from ever altering or amending any decision. Global has now apparently  
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1 abandoned its earlier claims that it lacks copies of the requested materials, and the  
2 Commission should direct Global to produce the specific documents requested.

3 **III. Response to Global's Cross-Motion to Compel.**

4 In response to Arizona Water Company's well-founded motion to compel, Global has  
5 filed its own motion to compel raising issues with a number of Arizona Water Company's  
6 responses to data requests. However, Global's complaints lack any merit.

7 **Global 1.6.** A list of all civil litigation (which could range from vehicular accidents  
8 to dog bites) to which Arizona Water Company has been a party would be totally irrelevant  
9 to the issues in this proceeding. Moreover, any complaints about the quality and reliability  
10 of Arizona Water Company's service would be brought first to the Commission and thus the  
11 Commission would be fully aware of any such complaints. No order compelling discovery  
12 is necessary or appropriate.

13 **Global 1.7.** In order to resolve the dispute as to this request, without waiving its  
14 objections, Arizona Water Company will make available for inspection and copying or  
15 scanning at Global's expense the entirety of its pleadings files in the two cases it has filed  
16 involving judicial review of ADWR's management plans. Arrangements for inspection can  
17 be made through undersigned counsel.

18 **Global 1.8.** In order to resolve the dispute as to this request, without waiving its  
19 objections, Arizona Water Company will make available for inspection and copying or  
20 scanning at Global's expense the entirety of its pleadings files in the two cases it has  
21 participated in involving the City of Casa Grande. Arrangements for inspection can be  
22 made through undersigned counsel.

23 **Global 1.9 and 1.10.** In order to resolve the dispute as to this request, without  
24 waiving its objections, Arizona Water Company will make available for inspection and  
25 copying or scanning at Global's expense the requested pleadings and data request responses.  
26 Arrangements for inspection can be made through undersigned counsel.  
27  
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1           **Global 1.11.** Arizona Water Company has already responded that there are no such  
2 written communications with ADWR on this issue. There are no “copies” of oral  
3 communications to produce.

4           **Global 1.19.** Arizona Water Company stands on its response that the Commission’s  
5 rules do not require it to generate narrative histories on any and every topic that Global may  
6 request.

7           **Global 1.25.** Arizona Water Company stands on its response that the Commission’s  
8 rules do not require it to generate narrative histories on any and every topic that Global may  
9 request.

10           **Global 1.33, 1.34, 1.35, 1.36, 1.44.** Although this information can be easily distilled  
11 from public filings as set forth in Arizona Water Company’s prior responses, in order to  
12 resolve the dispute as to these requests, and without waiving its objections, Arizona Water  
13 Company will produce a table setting forth the requested information and produce that table  
14 to Global, as well as making available for inspection and copying or scanning at Global’s  
15 expense the underlying public filings. Arrangements for inspection can be made through  
16 undersigned counsel.

17           **Global 1.37, 1.38, 1.45.** Arizona Water Company cannot provide the calculations  
18 requested by Global because it does not have full and complete information that would  
19 allow it to provide “per capita” calculations.

20           **Global 1.39.** Although this information can be easily distilled from public filings as  
21 set forth in Arizona Water Company’s prior responses, in order to resolve the dispute as to  
22 these requests, and without waiving its objections, Arizona Water Company will produce a  
23 table setting forth the requested information and produce that table to Global, as well as  
24 making available for inspection and copying or scanning at Global’s expense the underlying  
25 public filings. Arrangements for inspection can be made through undersigned counsel.

26           **Global 1.53.** The financial information of Global’s affiliates is relevant because of  
27 Global’s use of the ICFA scheme to fund its operations. Arizona Water Company’s  
28



1 affiliates have never used such ICFAs, and therefore the financial records of Arizona Water  
2 Company's affiliates are not relevant.

3 **Global 1.55.** Arizona Water Company has already completely answered this data  
4 request; a definition of paid-in capital is additional capital provided by its stockholders.

5 **Global 1.66, 1.67, 1.70.** Arizona Water Company stands on its objection that  
6 Global's requests for federal and state tax returns, and for insurance policies, seek  
7 documents which are not relevant to this proceeding.

8 **Global 1.71.** Arizona Water Company has not used the business model of Global,  
9 whereby all services and functions are performed by employees of affiliates or contractors,  
10 which then charge Global's regulated utilities for such services. Therefore, any inter-  
11 company charges involving Arizona Water Company and its affiliates are not relevant.

12 **Global 1.78.** Although the requested information as of the specific date requested  
13 remains irrelevant, in order to resolve the dispute as to this request, Arizona Water  
14 Company states that it does not maintain calculations as to whether each such section will  
15 be developed or undeveloped as defined in the request as of December 31, 2011. Arizona  
16 Water Company has regionally planned to provide for public utility water service needs  
17 within its Pinal Valley Master Plan based on the average number of customers per section it  
18 has experienced in its 50-plus years of service in neighboring CCN areas. This information  
19 is far more reliable and appropriate for planning purposes than the speculation of optimistic  
20 land promoters and developers, or individual projections of development in any particular  
21 section.

22 **Global 1.95.** Arizona Water Company has already responded that it anticipates that  
23 the wastewater service will be provided to the extension area by the City of Casa Grande, by  
24 Southwest Water Company in conjunction with Arizona Water Company, or by another  
25 qualified wastewater service provider. There are no other communications to provide.

26 **Global 2.4.** Global's data request sought any financial analysis responsive to the  
27 request and Arizona Water Company responded that no such financial analysis had been  
28

1 prepared. The request did not seek an explanation as to “why such a financial analysis was  
2 not conducted.” Response at 19.

3 **Global 2.5.** As with Global 2.4, Global’s data request sought any cost estimate  
4 responsive to the request and Arizona Water Company responded that no such cost estimate  
5 had been prepared. The request did not seek an explanation as to “why such an analysis was  
6 not conducted.” Response at 19.

7 **Global 3.2.** Arizona Water Company stands on its objection to this request. Arizona  
8 Water Company does not use ICFAs and the other funding mechanisms used by Global, and  
9 therefore the audited financial statements of Arizona Water Company’s affiliates are not  
10 relevant to this proceeding.

11 **IV. Response to Global’s Cross-Motion for a Protective Order.**

12 Global’s request for a “strong protective order” would effectively make it impossible  
13 for Arizona Water Company to investigate Global’s activities, present the facts and findings  
14 to the Commission, or use the information in any way. Global seeks a protective order  
15 which would block both Arizona Water Company personnel and “AWC’s counsel in this  
16 case”, as well as Commission Staff and counsel, from access to any of the information.  
17 Effectively, no one at Arizona Water Company, its counsel or Commission Staff or counsel  
18 could review or use the materials provided by Global, thus defeating the very purpose of  
19 data requests.

20 Arizona Water Company has consistently offered to allow protection of legitimately  
21 privileged and confidential information that Global discloses. But Global’s demand for a  
22 “strong protective order” that prevents any use of the documents and information sought  
23 should be rejected.

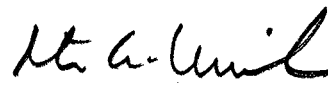
24 **CONCLUSION**

25 For the foregoing reasons and the reasons discussed in Arizona Water Company’s  
26 motion to compel, the Commission should order Global to provide full and complete  
27  
28

1 responses to the data requests identified by Arizona Water Company. In addition, the  
2 Commission should deny Global's cross-motions to compel and for a protective order.

3 DATED this 13th day of July, 2007.

4 BRYAN CAVE LLP

5  
6  
7 By 

8 Steven A. Hirsch, #006360  
9 Rodney W. Ott, #016686  
10 Two N. Central Avenue, Suite 2200  
11 Phoenix, AZ 85004-4406  
12 Attorneys for Arizona Water Company

13 **ORIGINAL** and 17 **COPIES** of the foregoing  
14 filed this 13th day of July, 2007 with:

15 Docket Control Division  
16 Arizona Corporation Commission  
17 1200 W. Washington  
18 Phoenix, AZ 85007

19 **COPY** of the foregoing hand-delivered  
20 this 13th day of July, 2007 to:

21 Lyn A. Farmer, Esq.  
22 Chief Administrative Law Judge  
23 Hearing Division  
24 Arizona Corporation Commission  
25 1200 W. Washington  
26 Phoenix, AZ 85007

27 Yvette B. Kinsey, Esq.  
28 Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

1 Christopher Kempley, Esq.  
2 Chief Counsel, Legal Division  
3 Arizona Corporation Commission  
4 1200 W. Washington  
5 Phoenix, AZ 85007

6 Ernest G. Johnson  
7 Director, Utilities Division  
8 Arizona Corporation Commission  
9 1200 W. Washington  
10 Phoenix, AZ 85007

11 **COPY** of the foregoing mailed this  
12 13<sup>th</sup> day of July, 2007 to:

13 Michael W. Patten, Esq. [mailed and e-mailed]  
14 Timothy J. Sabo, Esq.  
15 Roshka DeWulf & Patten, PLC  
16 One Arizona Center  
17 400 E. Van Buren St., Suite 800  
18 Phoenix, AZ 85004  
19 Attorneys for Applicants  
20 Santa Cruz Water Company, L.L.C.  
21 and Palo Verde Utilities Company, L.L.C.

22 Ken Franks, Esq.  
23 Rose Law Group, PC  
24 6613 N. Scottsdale Road, Ste. 200  
25 Scottsdale, AZ 85250  
26 Attorneys for Bevnorm Olive, LLC and  
27 Hampden & Chambers LLC

28 Kenneth H. Loman  
Manager  
KEJE Group, LLC  
7854 W. Sahara  
Las Vegas, NV 89117

Craig Emmerson, Manager  
Anderson & Val Vista 6, LLC  
8501 N. Scottsdale Road, Suite 260  
Scottsdale, AZ 85253

1 Jeffrey W. Crockett, Esq. [mailed and e-mailed]  
2 Marcie Montgomery, Esq.  
3 Snell & Wilmer  
4 One Arizona Center  
5 400 E. Van Buren  
6 Phoenix, AZ 85004-2202  
7 Attorneys for CHI Construction Company  
8 and CP Water Company  
9

10 Brad Clough  
11 Anderson & Barnes 580 LLP  
12 Anderson & Miller 694, LLP  
13 8501 N. Scottsdale Road, Suite 260  
14 Scottsdale, AZ 85253  
15

16 Phillip J. Polich  
17 Gallup Financial, LLC  
18 8501 N. Scottsdale, #125  
19 Scottsdale, AZ 85253  
20

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**GLOBAL WATER RESOURCES, LLC**  
Summary of Infrastructure Coordination and Finance Agreements  
September-06

Application Approved  
Application Pending with ACC  
Application to be Submitted

Builder/Owner	Development	Phase	Parcel	Date Executed	Rec. Number	OW Contact Person	Contact from Landowner/Developer via	Units
<b>From 2/26/04</b>	<b>Original 2/26/04</b>							
Veritas	Rancho El Dorado	1				Cindy Liles	Telephone, Email and/or in-house meetings	1,182
Veritas	Rancho El Dorado	2A				Cindy Liles	Telephone, Email and/or in-house meetings	1,182
Veritas	Rancho El Dorado	2B				Cindy Liles	Telephone, Email and/or in-house meetings	729
Veritas	Acacia Crossing	1				Cindy Liles	Telephone, Email and/or in-house meetings	620
Veritas	Province					Cindy Liles	Telephone, Email and/or in-house meetings	891
Veritas	Collistone Farms					Cindy Liles	Telephone, Email and/or in-house meetings	178
Veritas	Villages at Rancho El Dorado		2			Cindy Liles	Telephone, Email and/or in-house meetings	178
Veritas	Villages at Rancho El Dorado		3			Cindy Liles	Telephone, Email and/or in-house meetings	178
Veritas	Villages at Rancho El Dorado		4			Cindy Liles	Telephone, Email and/or in-house meetings	133
Veritas	Villages at Rancho El Dorado		5			Cindy Liles	Telephone, Email and/or in-house meetings	138
Veritas	Villages at Rancho El Dorado		6			Cindy Liles	Telephone, Email and/or in-house meetings	191
Veritas	Villages at Rancho El Dorado		7			Cindy Liles	Telephone, Email and/or in-house meetings	152
Veritas	Villages at Rancho El Dorado		8			Cindy Liles	Telephone, Email and/or in-house meetings	110
Veritas	Villages at Rancho El Dorado		9			Cindy Liles	Telephone, Email and/or in-house meetings	61
Veritas	Villages at Rancho El Dorado		10			Cindy Liles	Telephone, Email and/or in-house meetings	183
Veritas	Villages at Rancho El Dorado		11			Cindy Liles	Telephone, Email and/or in-house meetings	171
Veritas	Villages at Rancho El Dorado		12			Cindy Liles	Telephone, Email and/or in-house meetings	148
Veritas	Villages at Rancho El Dorado		13A			Cindy Liles	Telephone, Email and/or in-house meetings	160
Veritas	Villages at Rancho El Dorado		14			Cindy Liles	Telephone, Email and/or in-house meetings	489
Veritas	Phase 3 sub Phase 1			12/26/04	2004-036883	Cindy Liles	Telephone, Email and/or in-house meetings	29
Veritas	Phase 3 sub Phase 2			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	833
Veritas	Phase 3 sub Phase 3			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	433
Veritas	Phase 3 sub Phase 4			12/26/04	2004-036883	Cindy Liles	Telephone, Email and/or in-house meetings	617
Veritas	Phase 1 remaining			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	925
Veritas	Phase 2			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	1,278
Veritas	Phase 3			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	116
Veritas	Phase 4			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	99
Veritas	Phase 5			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	106
Veritas	Phase 6			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	140
Veritas	Phase 7			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	119
Veritas	Phase 8			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	143
Veritas	Phase 9			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	97
Veritas	Phase 10			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	103
Veritas	Phase 11			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	146
Veritas	Phase 12			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	86
Veritas	Phase 13			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	132
Veritas	Phase 14			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	144
Veritas	Phase 15			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	125
Veritas	Phase 16			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	182
Veritas	Phase 17			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	901
Veritas	Phase 18			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	84
Veritas	Phase 19			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	940
Veritas	Phase 20			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	215
Veritas	Phase 21			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	292
Veritas	Phase 22			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	230
Veritas	Phase 23			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	188
Veritas	Phase 24			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	24
Veritas	Phase 25			12/26/04	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	18,415

<b>From 2/26/04</b>	<b>Original 2/26/04</b>							
Veritas	Rancho El Dorado	1				Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Rancho El Dorado	2A				Cindy Liles	Telephone, Email and/or in-house meetings	302
Veritas	Rancho El Dorado	2B				Cindy Liles	Telephone, Email and/or in-house meetings	258
Veritas	Acacia Crossing	1				Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Province					Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Collistone Farms					Cindy Liles	Telephone, Email and/or in-house meetings	110
Veritas	Villages at Rancho El Dorado			7/1/2004	2004-036883	Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Villages at Rancho El Dorado			7/1/2004	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	230
Veritas	Villages at Rancho El Dorado			7/1/2004	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	188

<b>From 2/26/04</b>	<b>Original 2/26/04</b>							
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Veritas	Rancho El Dorado	2A				Cindy Liles	Telephone, Email and/or in-house meetings	302
Veritas	Rancho El Dorado	2B				Cindy Liles	Telephone, Email and/or in-house meetings	258
Veritas	Acacia Crossing	1				Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Province					Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Collistone Farms					Cindy Liles	Telephone, Email and/or in-house meetings	110
Veritas	Villages at Rancho El Dorado			7/1/2004	2004-036883	Cindy Liles	Telephone, Email and/or in-house meetings	560
Veritas	Villages at Rancho El Dorado			7/1/2004	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	230
Veritas	Villages at Rancho El Dorado			7/1/2004	2004-036882	Cindy Liles	Telephone, Email and/or in-house meetings	188





**GLOBAL WATER RESOURCES, LLC**  
Summary of Infrastructure Coordination and Finance Agreements  
September-06

Application Approved  
Application Pending with ACC  
Application to be Submitted

Builder/Owner	Development	Phase	Parcel	Date Executed	Rec. Number	OW Contact Person	Contact from Landowner/Developer via	Units
<b>Palo Verde/Santa Cruz</b>								
<b>Southwest Expansion</b>								
MAL, LLC (Bill Lund)	Approved Jan. 2006			5/17/2005	2005-060416	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,100
Trend Homes, Inc.	residential Palomares Ranch			5/17/2005	2005-060409	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	72
Amazillo Creek Unit 1	commercial			5/17/2005	2005-060422	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	600
Amazillo Creek Unit 2	Shea Homes			5/17/2005	2005-060422	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	773
Amazillo Creek Unit 3	Westpac			5/17/2005	2005-060422	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,776
Amazillo Creek South, LLC and Desert Cielo Property	Westpac			5/17/2005	2005-060421	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,925
HAM Maricopa, L.L.C.	Street Canyon			3/30/2005	2005-060416	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	148
HAM Phase 1, L.L.C.	Street Canyon			3/30/2005	2005-060417	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	416
HAM-Mesa, L.L.C.	Street Canyon			5/17/2005	2005-060414	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,351
Pecan Woods, LLC	Street Canyon			5/17/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	581
Trinitas/Miller & White B15, LLC	Westpac			3/30/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,834
HAM Maricopa, L.L.C./HAM Green Creek, LLC	Westpac			3/30/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,107
HAM and Trinitas	Westpac			3/30/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	4,075
HAM Valley Ranch 1, LLC	Westpac			3/30/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	4,075
HAM Valley Ranch 2, LLC	Westpac			3/30/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,120
HAM Valley Ranch 3, LLC	Westpac			3/30/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	539
Dennis & Carolyn Peard	Westpac			5/17/2005	2005-060410	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	725
NF 76 Land, LLC / Maricopa Opus	Westpac			5/17/2005	2005-060415	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,120
Vineyard, LLC	Westpac			5/17/2005	2005-060418	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	590
PAJAC Dev Real Estate Partners, LLC	Westpac			5/17/2005	2005-060417	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,036
Stanfield Holdings, LLC	Westpac			5/17/2005	2005-060417	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	280
Langley Farms	Westpac			5/17/2005	2005-060436	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,001
Paul Jaff								28,741

<b>Southwest Expansion</b>								
<b>387 Districts North</b>								
Lamar Communities	Submitted 7/1/05			7/15/2005	2005-060232	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	Balance
DeLo-Crane & Pullie Home	Alterra & Desert Cielo Phase 1	1N		7/15/2005	2005-060232	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	300
Maricopa Meadows, LLC	Maricopa Meadows Phase 1	1N		na	2005-060232	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	124
Maricopa Meadows, LLC	Maricopa Meadows Phase 2	1N		na	2005-060232	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	114
Maricopa Meadows, LLC	Maricopa Meadows Phase 3	1N		na	2005-060232	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	346
KB Homes	Smith Farms North Desert Passage Phase 1	1		7/15/2005	2005-060248	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	317
KB Homes	Smith Farms North Desert Passage Phase 2	2		7/15/2005	2005-060248	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	Balance
KB Homes	Smith Farms North Desert Passage Phase 3	3		na	2005-060248	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,200
Land Solutions Maricopa LLC	Palo Verde (Ph 1 & 2)	2N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,172
Continental Land Group VIII, LLC	Trinitas NW	2N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,172
DeLo-Crane & Pullie Home	Trinitas SW	2N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	560
Omg Properties, LLC	Trinitas SE	3N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	466
Red Valley	Trinitas NE	3N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	192
DeLo-Crane & Pullie Home	Southwest of Tempe	3N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	7,565
McQuinn Office Park	Southwest of Tempe	3N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,272
Velosa	Southwest of Tempe	3N		7/15/2005	2005-060210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,272

<b>387 Districts North</b>								
<b>Southwest Expansion</b>								
<b>Submitted 12/28/05</b>								
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,508
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,544
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	3,951
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	560
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	338
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	334
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,170
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	4,157
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,359
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,240
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,240
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,240
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,335
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,030
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	700
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	420
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	546
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	753
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	940
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	210
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	210
Langley Properties (Talia Venti)	Submitted 12/28/05			12/28/2005	2005-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,40

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Application to be Submitted

Builder/Owner	Development	Phase	Parcel	Executed	Number	Person	City/State	Landowner/Developer	Units
Patio & Terrace/Santa Cruz				12/26/2005	2006-022189	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	140
Richard and Dana (Youth)				12/26/2005	2006-022185	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	140
Bruce and Karen (Youth)				12/26/2005	2006-022185	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	960
Suzanne BL (Youth)				12/26/2005	2006-022185	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	210
Trinidad Post Road LLC (Youth)				12/26/2005	2006-022184	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	4,256
Charming Cape Oranges (Youth)				12/26/2005	2006-022184	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	5,184
Charming Cape Oranges (Youth)				12/26/2005	2006-022184	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	4,256
Patricia, Pullie						Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	10,320
ROB-LIN Marketing (Visitors)						Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	6,737
Visitors Partners / Jade Hacienda						Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	105
ABCDON, LLC (Visitors Stanford 1942)				12/26/2005	2006-022203	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	140
Veronica Partners, LLC (Visitors)				12/26/2005	2006-022201	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	140
Vol Vista & Montgomery (Mark Williams)				12/26/2005	2006-022201	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	560
Williams Trusts (Mark Williams)				12/26/2005	2006-022171	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	560
Bellevue				12/26/2005	2006-022171	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	140
Talbot Investments				12/26/2005	2006-022171	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	280
Douglas Payne				12/26/2005	2006-022205	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	280
Trust				12/26/2005	2006-022195	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	4,200
Mail 800				12/26/2005	2006-022204	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	260
Ken Lewman				12/26/2005	2006-022190	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	2,875
Tin Nyberg / Hampton and Chambers				12/26/2005	2006-022205	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	00
Henry McKellan and Alexander McKellan				12/26/2005	2006-022200	Cindy Liles and/or Jennie Chickfield	California	Telephone, Email and/or in-house meetings	56,934

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Application to be Submitted

Builder/Donor	Development	Phase	Parcel	Executed	Number	Person	Landmark/Developed Via	Units
Palo Verde/Santa Cruz	Submitted 8/22/06			7/21/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	560
				7/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	7,301
				7/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	960
				7/21/2006	2006-138549	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	285
				7/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	53
				7/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,260
				7/24/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	117
				7/25/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,141
				7/26/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,141
				7/27/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,141
				7/28/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	2,240
				7/29/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,323
				7/30/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,323
				7/31/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,190
				8/1/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,190
				8/2/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	7
				8/3/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	70
				7/21/2006	2006-139233	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	88
				7/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	280
				7/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
				7/24/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	32
				7/25/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	25
				7/26/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	18
				7/27/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	30
				7/28/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	18
				7/29/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	32
				7/30/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	1,120
				7/31/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
				8/1/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
				8/2/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
				7/21/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
				7/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
				7/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140
7/24/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/25/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/26/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/27/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/28/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/29/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/30/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
7/31/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/1/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/2/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/3/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/4/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/5/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/6/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/7/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/8/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/9/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/10/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/11/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/12/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/13/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/14/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/15/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/16/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/17/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/18/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/19/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/20/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/21/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/24/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/25/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/26/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/27/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/28/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/29/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/30/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
8/31/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/1/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/2/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/3/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/4/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/5/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/6/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/7/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/8/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/9/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/10/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/11/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/12/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/13/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/14/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/15/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/16/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/17/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/18/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/19/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/20/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/21/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/24/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/25/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/26/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/27/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/28/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/29/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
9/30/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/1/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/2/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/3/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/4/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/5/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/6/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/7/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/8/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/9/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/10/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/11/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/12/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/13/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/14/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/15/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/16/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/17/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/18/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/19/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/20/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/21/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/22/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/23/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/24/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/25/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/26/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/27/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/28/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/29/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/30/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
10/31/2006	-	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or in-house meetings	140				
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**B**

**DECLARATION OF JOSEPH D. HARRIS**

JOSEPH D. HARRIS, being of legal age and duly sworn upon his oath, states and declares as follows:

1. I am Vice President and Treasurer of Arizona Water Company and I make this declaration based on my personal knowledge of Arizona Water Company's attempts to inspect the journal entries of only Santa Cruz Water Company ("SCWC"), as offered by SCWC in its response to Arizona Water Company's data request AWC 4.7.

2. On approximately June 12, 2007, SCWC informed Arizona Water Company that the inspection could begin on June 14, 2006 at 10:30 a.m.

3. I arrived at SCWC's offices at the agreed time on June 14, accompanied by Arizona Water Company's counsel. We met with counsel for SCWC and with Cynthia Liles, General Manager of SCWC and Senior Vice President and CFO of Global Water Management LLC.

4. Ms. Liles informed us that she could provide us with SCWC's general ledger documents for the year 2006 immediately, but that providing similar documents for the years 2004 and 2005 would take longer because of a change in the accounting system. Ms. Liles then left to retrieve the 2006 data for us.

5. Counsel for Arizona Water Company and I then waited in SCWC's conference room for approximately an hour for Ms. Liles to return. We questioned as to why it was taking so long. Counsel for SCWC informed us that the "accountants were busy pushing buttons" and that the data would soon be provided.

6. After waiting for an hour and not receiving the requested data, the parties agreed that Arizona Water Company's representatives would return in the afternoon at 1 p.m., at which time SCWC promised that the data would be available.

7. We returned at 1 p.m. and were shown into the same conference room. We then waited until 1:30 p.m., at which time Ms. Liles arrived with approximately 150 pages

1 of documents which represented SCWC's common stock and retained earnings account for  
2 the year 2006. She also provided a copy of SCWC's income statement for 2006 from its  
3 ACC annual report. Materials for 2004 and 2005 were still unavailable.

4 8. At this point, we indicated that the volume of 150 pages for transactions in  
5 SCWC's common stock and retained earnings account for 2006 exceeded our expectations  
6 and ability to review in our remaining time for that day. We asked whether we could take a  
7 copy of the 2006 materials with us for review and then return when the 2004 and 2005  
8 materials were available.

9 9. SCWC rejected this suggestion, stating that all review had to take place at  
10 SCWC's offices. We then agreed that Arizona Water Company's representatives would  
11 return the next week, when SCWC promised that the 2004 and 2005 materials would be  
12 available and when Arizona Water Company's representatives would have greater time for  
13 the inspection.

14 10. I returned with Joel Reiker, another representative of Arizona Water  
15 Company, to SCWC's offices on June 21, 2007. At this time, SCWC finally produced  
16 SCWC's general ledger materials related to 2004 through 2006. Mr. Reiker and I then spent  
17 about two hours reviewing the materials provided and marking entries requiring further  
18 inquiry.

19 11. Although SCWC's general ledger materials for 2006 appeared to correspond  
20 generally to the information provided by SCWC to the Arizona Corporation Commission,  
21 the general ledger materials for 2004 and 2005 did not appear to match the information  
22 SCWC had provided to the Commission for those years.

23 12. At this point, Mr. Reiker and I met again with Ms. Liles. She informed us that  
24 the back up materials we requested were "in storage" and that it would take some time to  
25 retrieve them. I also pointed out to Ms. Liles the discrepancies between SCWC's general  
26 ledger materials for 2004 and 2005 and the information SCWC had provided to the  
27  
28

1 Commission. She responded that the discrepancies were due to "audit adjustments" but she  
2 could not reconcile the differences.

3 13. Ms. Liles then asked if we could return at a later date at which time the  
4 requested materials would be retrieved from storage and the 2004 and 2005 discrepancies  
5 would be explained. Ms. Liles stated that she would contact us when the materials were  
6 ready. We agreed and left SCWC's offices.

7 14. Ms. Liles did not contact me over the next six days. On June 27, 2007, I  
8 communicated with Ms. Liles about the status of our inspection of SCWC's journal entries.  
9 She did not respond until eleven days later, on July 8, 2007, at which time she informed me  
10 that she still needed to check on the status of the matter. I contacted Ms. Liles again on July  
11 10, 2007, and we agreed that Arizona Water Company's representatives would again return  
12 to SCWC's offices on July 12, 2007. Ms Liles informed me that she would not be able to  
13 meet with me but that Ms. Patty Greco, SCWC's VP of Accounting, would meet with me  
14 and go over the requested journal entries.

15 15. I returned to SCWC's office at 10:00 a.m. on July 12, 2007. After checking in  
16 with the receptionist I was shown to a conference room and was joined shortly by Ms  
17 Greco. Ms Greco brought with her SCWC's journal entries which corresponded to the  
18 entries Mr. Reiker and I had requested at our earlier meeting. Ms Greco then went through  
19 each of the journal entries and verified that they corresponded to the SCWC general ledger  
20 and provided an explanation of the entry. At the conclusion of the review I asked about the  
21 discrepancies between the balances shown on the general ledger pages I was given and the  
22 information contained in SCWC's 2004 and 2005 annual reports to the Commission. Ms  
23 Greco indicated that she would have to check with Ms Liles as she was not aware of any  
24

25 .....

26 .....

27 .....

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1 issues. I indicated that I would follow up with both of them the following day. At this point  
2 I concluded the meeting and left the building.

3 I declare under penalty of perjury that the foregoing statements are true and accurate  
4 to the best of my knowledge.

5 Executed this 13<sup>th</sup> day of July, 2007.

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JOSEPH D. HARRIS



**D**

## BEFORE THE ARIZONA CORPORATION COMMISSION

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3

ARIZONA WATER COMPANY, an  
Arizona corporation,

)

Nos. W-01445A-06-0200

4

)

SW-20445A-06-0200

Complainant,

)

W-20446A-06-0200

5

)

W-03576A-06-0200

vs.

)

SW-03575A-06-0200

6

)

7

GLOBAL WATER RESOURCES, LLC,  
a foreign limited liability  
company; GLOBAL WATER

)

8

RESOURCES, INC., a Delaware  
corporation; GLOBAL WATER

)

)

9

MANAGEMENT, LLC, a foreign  
limited liability company;

)

)

10

SANTA CRUZ WATER COMPANY, LLC,  
an Arizona limited liability

)

11

corporation; PALO VERDE

)

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UTILITIES COMPANY, LLC, an  
Arizona limited liability

)

13

corporation; GLOBAL WATER -  
SANTA CRUZ WATER COMPANY, an

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Arizona corporation; GLOBAL  
WATER - PALO VERDE UTILITIES

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COMPANY, an Arizona  
corporation; JOHN AND JANE

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DOES 1-20; ABC ENTITIES 1-XX,

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Respondents.

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✓ 38 FORM OBJECTIONS

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THE DEPOSITION OF TREVOR HILL

20

Phoenix, Arizona

21

June 18, 2007

22

1:44 p.m.

23

✓ SECTIONS WHERE INSTRUCTIONS  
GIVEN NOT TO ANSWER ARE MARKED

24

PREPARED FOR:

REPORTED BY:

25

CONDENSED COPY &amp; INDEX

Marty Herder, CCR

Certified Court Reporter

CCR No. 50162

<p style="text-align: right;">Page 2</p> <p>1 INDEX</p> <p>2 Examination By: Page:</p> <p>3 Mr. Hirsch 4</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8 EXHIBITS</p> <p>9 No. 1 Notice of Rule 30(b)(6) Deposition</p> <p>10 No. 2 Global Water Ownership flowchart</p> <p>11 No. 3 Infrastructure Coordination Agreement</p> <p>12 dated January 20, 2007 between Phoenix Capital</p> <p>13 Partners and Elliott Homes</p> <p>14 No. 4 Infrastructure Coordination and Finance</p> <p>15 Agreement dated December 1, 2005 between</p> <p>16 Global Water Resources and SVVM 80 Limited</p> <p>17 Partnership</p> <p>18 No. 5 Infrastructure Coordination and Finance</p> <p>19 Agreement dated December 30, 2006 between</p> <p>20 Global Water Resources and CHI Construction</p> <p>21 Company</p> <p>22 No. 6 Memorandum of Understanding dated</p> <p>23 December 19, 2005 between Global Water</p> <p>24 Resources and the City of Casa Grande.</p> <p>25 No. 7 May 23, 2006 letter to Delia M. Carlyle from</p> <p>Trevor Hill</p>	<p style="text-align: right;">Page 4</p> <p>1 Phoenix, Arizona</p> <p>2 June June, 2007</p> <p>3 1:44 p.m.</p> <p>4</p> <p>5 TREVOR HILL,</p> <p>6 called as a witness herein, having been first duly sworn,</p> <p>7 was examined and testified as follows:</p> <p>8</p> <p>9 EXAMINATION</p> <p>10 BY MR. HIRSCH:</p> <p>11 Q. Would you state your full name for the record,</p> <p>12 please?</p> <p>13 A. Trevor T. Hill.</p> <p>14 Q. And could you give us your residence and business</p> <p>15 addresses?</p> <p>16 A. My residence address is 42528 North Back Creek</p> <p>17 Way, Anthem, Arizona, 85086.</p> <p>18 My business address is 22601 North 19th Avenue,</p> <p>19 Suite 210, Phoenix, Arizona, 85027.</p> <p>20 Q. We're here for a deposition in what's known as the</p> <p>21 formal complaint proceeding docket number 06-0200,</p> <p>22 generally.</p> <p>23 Have you had your deposition taken before, sir?</p> <p>24 A. No.</p> <p>25 Q. Since this is your maiden voyage, let me go over a</p> <p>few rules of the road that I would like to apply today.</p>
<p style="text-align: right;">Page 3</p> <p>1 THE DEPOSITION OF TREVOR HILL,</p> <p>2 Taken at 1:44 p.m., on June 18, 2007 at the Law Offices of</p> <p>3 BRYAN CAVE LLP, Two North Central Avenue, Suite 2200,</p> <p>4 Phoenix, Arizona, 85004, before Marty Herder, Certified</p> <p>5 Court Reporter, pursuant to the Rules of Civil Procedure.</p> <p>6</p> <p>7 COUNSEL APPEARING:</p> <p>8 For the Plaintiff:</p> <p>9 ARIZONA WATER COMPANY</p> <p>10 BY: Robert W. Geake, Esq.</p> <p>11 P.O. Box 29006</p> <p>12 Phoenix, Arizona 85004</p> <p>13 BRYAN CAVE LLP</p> <p>14 BY: Steven A. Hirsch, Esq.</p> <p>15 and Rodney W. Ott, Esq.</p> <p>16 Two North Central Avenue</p> <p>17 Suite 2200</p> <p>18 Phoenix, Arizona 85004</p> <p>19 For the Defendant:</p> <p>20 ROSKA DEWULF &amp; PATTEN, PLC</p> <p>21 BY: John E. Dewulf, Esq.</p> <p>22 and Timothy J. Sabo, Esq.</p> <p>23 400 East Van Buren</p> <p>24 Suite 800</p> <p>25 Phoenix, Arizona 85004</p>	<p style="text-align: right;">Page 5</p> <p>1 First, I'll try to make my questions as clear as I</p> <p>2 can. But sometimes I'll fail.</p> <p>3 Would you please stop me and ask me to restate the</p> <p>4 question if you don't understand it?</p> <p>5 A. Is that a question?</p> <p>6 Q. Yes. Is that okay with you?</p> <p>7 A. That is okay with me.</p> <p>8 Q. We're not into the tough part yet.</p> <p>9 In turn, if you answer my questions, may I assume</p> <p>10 that you understood what I was asking you?</p> <p>11 A. Yes.</p> <p>12 Q. Do you have any reason today, Mr. Hill,</p> <p>13 medication-wise or health-wise or anything that you're not</p> <p>14 able to listen to and respond to my questions?</p> <p>15 A. No.</p> <p>16 Q. We're in a relatively informal room far from any</p> <p>17 courtroom or hearing room, but you understand that you've</p> <p>18 been placed under oath and your answers are being taken down</p> <p>19 by Mr. Herder here?</p> <p>20 A. Yes.</p> <p>21 Q. And that your answers are being recorded, and may</p> <p>22 be used against you or the firm you're associated with? Do</p> <p>23 you understand that?</p> <p>24 A. I do.</p> <p>25 Q. And that your answers are being given subject to</p>

Page 6

1 the penalties of perjury?

2 A. Yes.

3 Q. Finally, you've done a great job so far, but  
4 because the court reporter can't take down a shake of the  
5 head or a verbal grunt of some sort, please keep answering  
6 yes or no so that we'll have a clear record. Okay?

7 A. Yes.

8 Q. Thank you.

9 You've given us in data responses -- we ought to  
10 establish that, John and Tim, I think technically it may be  
11 part of a filing, but we have certainly carried forward with  
12 the understanding, and it would apply equally to Arizona  
13 Water, that discovery responses and data request responses  
14 in the certificate proceeding are usable, if you will, or  
15 equally applicable to the formal complaint proceeding and  
16 vice versa?

17 MR. DeWULF: I'm comfortable with that.

18 MR. HIRSCH: Okay. Thanks.

19 BY MR. HIRSCH:

20 Q. So we do have some data requests that explain your  
21 background. I'm just going to ask a couple specific  
22 questions before we get into the deposition noticed area.

23 Where is the Royal Military College?

24 A. In Kingston, Ontario.

25 Q. And is the program a bachelor's study in

Page 7

1 engineering, to the extent you know, fairly similar to a  
2 American insurance graduate training?

3 A. I don't know.

4 Q. I take it it's a four-year school?

5 A. It is.

6 Q. Do you hold engineering licenses in any of the  
7 U.S. states?

8 A. I do not.

9 Q. Did you hold licenses or do you hold licenses in  
10 Canada?

11 A. Yes.

12 Q. Are they still current?

13 A. Yes.

14 Q. In Canada are they issued by province, or is it a  
15 national certification, if you know?

16 A. They are issued by province.

17 Q. Which province do you hold licenses in?

18 A. British Columbia.

19 Q. Any others?

20 A. No.

21 Q. When did you approximately get the license in  
22 B.C.?

23 A. I don't know.

24 Q. Shortly after your graduation or some years after  
25 that?

Page 8

1 A. Some years after my graduation, to be sure.

2 Q. The answers appear to reflect that you started or  
3 co-founded Hill, Murray & Associates in about the early to  
4 mid '90s. Is that generally correct?

5 A. Yes.

6 Q. Did you have the engineering license by then?

7 A. I don't know.

8 Q. Has the Canadian license ever been the subject of  
9 a complaint?

10 A. No.

11 Q. Has it ever been suspended or lapsed in any way?

12 A. No.

13 Q. Do you know the name of the entity that issues the  
14 engineering license up there, Mr. Hill?

15 A. The association -- it's -- I'm not sure of the  
16 exact name. The Association of Engineers of British  
17 Columbia.

18 Q. Is it a government agency or a private group, if  
19 you know?

20 A. It's a private group.

21 Q. So there's not a board of technical registration,  
22 such as we would have here in Arizona, that issues and  
23 maintains the licenses?

24 A. I don't know.

25 Q. When did you make the decision to start to conduct

Page 9

1 business in the U.S.?

2 A. 1999.

3 Q. And what was that decision based on?

4 A. Could you be more specific?

5 Q. Why did you decide to start doing business in the  
6 U.S. as opposed to British Columbia and other areas in  
7 Canada?

8 A. There is essentially no private regulated water  
9 business in Canada.

10 Q. What do you mean by that? Everything is  
11 governmental?

12 A. Right.

13 Q. And what does that observation have to do with you  
14 wanting to come to the U.S. to do business?

15 A. Well, there is a private regulated water center in  
16 the United States.

17 Q. Did you consult with anyone about starting to do  
18 business down here, or was this something that you kind of  
19 envisioned yourself personally?

20 A. I envisioned it personally.

21 Q. And where was your target area in terms of doing  
22 business initially?

23 A. Southwestern United States.

24 Q. And we know from your answers there was some  
25 involvement in Arizona and Texas, potentially elsewhere.

Page 10

1 **Why did you pick the southwestern U.S.?**

2 A. Because of growth and water scarcity.

3 **Q. Why were those two factors important to you?**

4 A. Well, growth business is a business in which you  
5 can, you know, make a living.

6 **Q. What was it about growth that gave you an  
7 indication that you could make a living at it?**

8 A. I felt the Arizona market would have good  
9 potential for growth in the future.

10 **Q. And what did water scarcity have to do with your  
11 decision to focus on the southwest?**

12 A. I believe that the southwestern water situation  
13 would make an interesting challenge.

14 **Q. In what way?**

15 A. In that it requires more complex planning and  
16 careful management than Canada, where water is abundant.

17 **Q. Did you target any other states other than Arizona  
18 and Texas for your initial business plans?**

19 A. No.

20 **Q. Any reasons you haven't told us as to why you  
21 looked at those two states?**

22 A. No.

23 **Q. What was your business plan when you came down to  
24 the Arizona and Texas area?**

25 **MR. DeWULF: Object to form.**

Page 11

1 MR. HIRSCH: You can answer.

2 THE WITNESS: Could you restate the question?

3 BY MR. HIRSCH:

4 **Q. What was your business plans? What were you  
5 trying to accomplish?**

6 A. The plan was to aggregate water and wastewater  
7 businesses in the southwestern United States.

8 **Q. And what do you mean by aggregate?**

9 A. Consolidate.

10 **Q. So to acquire them and combine them in some way?**

11 **MR. DeWULF: Object to form.**

12 BY MR. HIRSCH:

13 **Q. I'm trying to get your words, not mine. What do  
14 you mean by aggregate?**

15 A. To acquire them.

16 **Q. Where were you going to come up with capital to do  
17 so?**

18 A. Are you -- are you referring to Global Water, or  
19 when I arrived in the United States?

20 **Q. The latter of those two. We're going to bring it  
21 up to the present day, but when you arrived in the United  
22 States what was your plan in terms of capital to fuel such  
23 acquisitions?**

24 A. I raised the money required in the Canadian  
25 market.

Page 12

1 **Q. And from whom?**

2 A. From Algonquin Power Income Trust.

3 **Q. And what had your connections been, if any, with  
4 that entity?**

5 A. I met them when I was out attempting to raise  
6 money for this first venture.

7 **Q. And you say this first venture, you mean the  
8 southwestern U.S. venture?**

9 A. Correct.

10 **Q. And the question was how did you come to know them  
11 or believe that they might be interested in this?**

12 A. They had just raised a pool of capital.

13 **Q. For similar purposes or what?**

14 A. For infrastructure investments.

15 **Q. In the U.S.?**

16 A. They do work in both U.S. and Canada.

17 **Q. Have you, by the way, maintained your Canadian  
18 citizenship?**

19 A. I have.

20 **Q. So you're a citizen of Canada and not the U.S.?**

21 A. That's correct.

22 **Q. And what legal immigration status do you have  
23 currently in the U.S.?**

24 A. I have a green card.

25 **Q. Okay. Approximately how much capital did you**

Page 13

1 **understand you had committed to your plan when you arrived  
2 in Arizona?**

3 A. \$50 million.

4 **Q. And can you describe for us what the -- was there  
5 any specific type of business you were looking to acquire?  
6 With a little more specificity, what was the plan to use the  
7 capital for at that time?**

8 A. The plan was to acquire cash flowing, regulated  
9 water and wastewater businesses in the southwestern United  
10 States.

11 **Q. Did you have any particular such companies in mind  
12 when you arrived?**

13 A. I did.

14 **Q. And let's get some focus now.**

15 **You indicated 1999 was the year you made the  
16 decision to come down.**

17 **When would you characterize you actually came down  
18 and started to implement the plan here in Arizona?**

19 A. I arrived in Arizona permanently in March of 2001.

20 **Q. At that point did you have your eye on any  
21 particular utilities?**

22 A. Yes.

23 **Q. Which were those?**

24 A. I arrived concurrent to the closing of the first  
25 acquisition, which was Black Mountain Sewer Company.

Page 14

1 **Q. In the Carefree, Cave Creek area?**  
 2 A. That's correct.  
 3 **Q. And what made that particular utility stand out as**  
 4 **a target to you?**  
 5 A. It was a wastewater utility which my previous  
 6 business career had been focused around, wastewater  
 7 enterprise, and it had active water reuse program involved  
 8 in it.  
 9 **Q. Would you describe what about active water reuse**  
 10 **made it attractive to you as a target?**  
 11 A. I'm personally interested in water reuse, so  
 12 that's what made it attractive.  
 13 **Q. What type of program did they have in place at**  
 14 **that time?**  
 15 A. They use their reclaimed water for irrigation of  
 16 their golf courses.  
 17 **Q. Would you agree with me that there were dozens of**  
 18 **such utilities that were doing that at about that time?**  
 19 **MR. DeWULF: Object to form.**  
 20 **THE WITNESS: No.**  
 21 **BY MR. HIRSCH:**  
 22 **Q. You thought that Black Mountain was somewhat**  
 23 **unique in reusing effluent on water courses?**  
 24 A. Yes.  
 25 **Q. Was there anything else about Black Mountain that**

Page 15

1 **made it attractive to you as a target?**  
 2 A. No.  
 3 **Q. What is Algonquin Water Resources of America?**  
 4 A. It is a U.S. holdco for the utilities we acquired.  
 5 **Q. Did you have an ownership interest in Algonquin**  
 6 **Water Resources?**  
 7 A. I did not.  
 8 **Q. Were you an officer in that entity?**  
 9 A. I don't know. I don't think so.  
 10 **Q. Was title to the utilities that were acquired**  
 11 **placed in Algonquin Water Resources of America?**  
 12 A. Yes.  
 13 **Q. And were these acquisitions by asset purchase or**  
 14 **stock purchase or both?**  
 15 A. Primarily stock purchase.  
 16 **Q. And was there a reason for that mechanism?**  
 17 A. The reason for stock purchase is primarily for the  
 18 seller's tax advantage.  
 19 **Q. Can you explain that to me?**  
 20 A. Asset -- well, I'm not an accountant.  
 21 **Q. I won't hold you to that standard.**  
 22 A. Asset purchases tend to attract double taxation.  
 23 Stock purchase can typically get a capital gains  
 24 treatment.  
 25 **Q. Did you have colleagues in the business back when**

Page 16

1 **you arrived in Arizona in 2001 for Algonquin?**  
 2 **MR. DeWULF: Object to form.**  
 3 **THE WITNESS: Can you rephrase the question?**  
 4 **BY MR. HIRSCH:**  
 5 **Q. Yes.**  
 6 **Perhaps the problem was the word colleagues.**  
 7 **Coworkers or folks that you were in business with?**  
 8 A. Yes.  
 9 **Q. And who they be?**  
 10 A. Graham Simmons and Leo Commandeur.  
 11 **Q. And were you paid a percentage of the acquisition**  
 12 **or were you on a straight salary? How did the compensation**  
 13 **arrangement work at that time?**  
 14 A. I had a salary, plus a commission.  
 15 **Q. And how was the commission determined?**  
 16 A. The commission was determined on a calculation of  
 17 accretiveness to the fund.  
 18 **Q. If I try to translate that, basically if the value**  
 19 **of the fund went up as a result of the acquisition you**  
 20 **shared in some percentage of that?**  
 21 **If that's not right, please tell us in your words**  
 22 **how the commission was calculated.**  
 23 A. Yeah, the fund's value per se doesn't go up or  
 24 down as a function of an acquisition. So the commission is  
 25 calculated on the board's determination of the potential

Page 17

1 accretiveness of the acquisition.  
 2 **Q. What do you mean by accretiveness?**  
 3 A. My understanding of the word accretiveness means  
 4 the incremental value created as a result of.  
 5 **Q. So it was a discretionary bonus based on what the**  
 6 **board thought the utility might be worth in the future?**  
 7 A. Yes.  
 8 **Q. Was there a factor of analyzing your success in**  
 9 **buying utilities that might be undervalued?**  
 10 A. Yes.  
 11 **Q. How long did you work with the Algonquin fund?**  
 12 A. Approximately three years.  
 13 **Q. And approximately how many utilities were you**  
 14 **involved in acquiring during those years?**  
 15 A. Seven.  
 16 **Q. How many in Arizona?**  
 17 A. Five.  
 18 **Q. Could you name them?**  
 19 A. Black Mountain Sewer Company, Gold Canyon Utility  
 20 Company, Bella Vista Water Company, and the Lipsco, which  
 21 was two utilities, I count them as two, water, Litchfield  
 22 Park Services Company that had water and wastewater.  
 23 **Q. Those are the five then?**  
 24 A. Yes.  
 25 **Q. And the other two were in Texas, I take it?**

5 (Pages 14 to 17)

Page 18

1 A. That's correct.

2 **Q. What were their names?**

3 A. Tall Timbers Utilities Company.

4 **Q. Where was that based?**

5 A. These are both in Tyler.

6 I can't remember the other one's name.

7 **Q. What led to your decision to leave Algonquin?**

8 A. The metrics that allowed for their determination

9 of a successful acquisition didn't relate well to emerging

10 market areas that had more growth potential.

11 **Q. And can you explain that a little bit more? What**

12 **about the metrics that didn't actually gauge the up side?**

13 A. Algonquin Power Income Trust is a REIT, which pays

14 cash distributions to its unit holders on a monthly basis.

15 And it was my belief that that wasn't an ideal

16 structure for utilities that required extensive capital

17 investment.

18 **Q. Did you begin to think about forming your own**

19 **company that would have more flexibility in acquisitions?**

20 A. Yes.

21 **Q. And tell me what went into that thought process.**

22 A. I was interested in finding local, patient

23 investors that understood the development market in the

24 Phoenix area, and that would be less interested in the

25 immediacy of the return, as opposed to a long-term view.

Page 19

1 **Q. And is it possible for you, Mr. Hill, to generally**

2 **define long-term view in terms of years?**

3 A. For me, a long-term view is greater than five

4 years.

5 **Q. And can you describe for us, and we're obviously**

6 **into the deposition request designation, so I'm just going**

7 **to keep going here and we'll look at it shortly, but can you**

8 **describe for us how you went about seeking out the new**

9 **investors in the new company?**

10 A. I had acquired the Bella Vista Water Company from

11 the Cracchiolo family, and it was a positive experience for

12 both sides of that transaction. And as a result of that I

13 had mentioned to Dan Cracchiolo the concept of Global Water

14 Resources, and he offered to introduce me to a local

15 investor.

16 **Q. And approximately what year was the time you**

17 **mentioned the concept of what became Global to**

18 **Mr. Cracchiolo?**

19 A. In 2003.

20 **Q. Let's go ahead, and I'll ask you to look at**

21 **Exhibit 2.**

22 **Exhibit 2 is a chart that was produced by Global**

23 **Water in response to data request in the certificate**

24 **proceeding.**

25 **Do you generally recognize it?**

Page 20

1 A. I do.

2 **Q. Did you have a hand in preparing it?**

3 A. Yes.

4 **Q. The response obviously is later than 2003, but I**

5 **thought it would be good to have this before us to form a**

6 **basis of a few questions here.**

7 **Let me ask this first. To the best of your**

8 **knowledge, Mr. Hill, is the flow chart accurate as of**

9 **today's date?**

10 A. No.

11 **Q. There's some updates to be made to it?**

12 A. There are.

13 **Q. Is it possible for you to briefly characterize**

14 **those to us or even use a pen and draw them in?**

15 A. I can just tell you that we no longer own

16 Cave Creek and Pacer. They were condemned by the City

17 several weeks ago.

18 **Q. And what has happened to those corporate entities,**

19 **if you know?**

20 A. The corporate entities -- the corporate entities

21 still exist.

22 **Q. I take it the City, having condemned the assets,**

23 **they have no asset base at this time?**

24 A. That's correct.

25 **Q. What are Global's plans for the two corporate**

Page 21

1 **entities you've mentioned?**

2 MR. DeWULF: To the extent that it would reveal

3 competitively sensitive information that may be covered

4 already in the discovery dispute that's the subject of a

5 motion to compel, I instruct you not to answer.

6 But if you can answer without getting into those

7 kinds of topics, go ahead.

8 THE WITNESS: Okay. The corporate shells exist.

9 We really have no plans for them at this time.

10 MR. HIRSCH: John, I have not, as is obvious from

11 the transcript, belabored questions in terms of the

12 consideration paid back in the Algonquin days for those

13 seven utilities, and I gather that the objection that's the

14 subject of the motion to compel remains in place for this

15 deposition in terms of the consideration paid for

16 acquisitions by Global?

17 MR. DeWULF: It would.

18 Those issues which I think are the subject of the

19 discovery dispute and the CC&N proceedings we would take a

20 similar position here. Some of those details I'm not

21 completely familiar with.

22 MR. HIRSCH: Neither am I.

23 MR. DeWULF: But, yeah, as a general proposition,

24 you will get objections in those areas until we get a

25 decision from the ALJ.

6 (Pages 18 to 21)

Page 22

1 MR. HIRSCH: And I am operating under the same  
2 belief and wavelength.

3 I will not belabor the record or take Mr. Hill's  
4 or your time asking questions and having you instruct him  
5 not to answer.

6 We'll just proceed that the underlying  
7 consideration for these various acquisitions is out of  
8 bounds. Fair enough?

9 MR. DeWULF: That's fine.

10 BY MR. HIRSCH:

11 Q. Okay. Back to Exhibit 2 here, Mr. Hill, who was  
12 the -- first off, were there any other connections or  
13 updates that you are aware of?

14 A. No.

15 Q. Who was the investor that Dan Cracchiolo  
16 introduced you to?

17 A. Bill Levine.

18 Q. Had you worked with Mr. Levine before?

19 A. No.

20 Q. What was your pitch, if you will, to Mr. Levine in  
21 terms of investing in your venture?

22 A. Well, Algonquin Water Resources was a very  
23 successful venture, and I outlined a business plan that had  
24 similar potential.

25 Q. And what was that business plan?

Page 23

1 A. To acquire regulated water and wastewater  
2 enterprises in the southwest United States.

3 Q. And to do what with them after they were acquired?

4 A. To grow them and focus on our unique ability to  
5 manage water scarcity.

6 Q. And that unique ability are the matters that you  
7 testified to at length in your pretrial testimony in the  
8 certificate case?

9 A. I don't have that document in front of me.

10 Q. Well, the triad of conservation and some of the  
11 initiatives that you contend that Global brings to the  
12 table?

13 A. I will say that I have experience in water reuse.

14 Q. What was Mr. Levine's response, generally?

15 A. Favorable.

16 Q. And how much capital were you looking to raise?

17 A. \$100 million.

18 Q. What happened next with regard to raising the  
19 capital?

20 A. We drafted a term sheet, and he agreed to finance  
21 the project, the company.

22 Q. And was this concept known as Global at that time?

23 A. Yes.

24 Q. Who came up with the name Global?

25 A. I did.

Page 24

1 Q. Putting together Global, did you have in mind,  
2 Mr. Hill, that Algonquin was going to have any role in  
3 Global.

4 A. No.

5 Q. What was your planned transition from Algonquin to  
6 Global?

7 A. I resigned.

8 Q. Did Global take any steps to acquire any of the  
9 utilities that Algonquin had acquired?

10 A. No.

11 Q. Did Algonquin replace you with anybody, to your  
12 knowledge?

13 A. I don't know.

14 Q. Did Algonquin continue to have any acquisition  
15 activities in Arizona after you left them, to your  
16 knowledge?

17 A. Yes.

18 Q. What did they do?

19 A. They acquired Rio Rico. And I read of a few  
20 acquisitions in other areas.

21 Q. Here in Arizona?

22 A. I do not believe so.

23 Q. Are they still in an ownership position of the  
24 utilities that you had a role in acquiring?

25 A. Yes.

Page 25

1 Q. And in Rio Rico as well?

2 A. I believe so.

3 Q. Do you have any involvement with them at all the  
4 current day?

5 A. I do not.

6 Q. Now, we see across the top of Exhibit 2 other  
7 folks with an ownership interest in Global Water Resources  
8 and Global Water Management.

9 I take it those percentage interests on Exhibit 2  
10 are identical for GWM, which I'll use for Global Water  
11 Management, and GWR, for Global Water Resources?

12 A. Yes.

13 Q. I see Mr. Cracchiolo's name next. If you could  
14 just, in your words, tell us how the formation of Global  
15 went from this term sheet to the various percentages that  
16 are shown on Exhibit 2?

17 MR. DeWULF: Object to form.

18 THE WITNESS: Could you rephrase the question?

19 BY MR. HIRSCH:

20 Q. Sure.

21 You've described for us Mr. Levine's interest in  
22 investing in Global.

23 If you could just give us a summary of how each of  
24 these other individuals acquired their percentage interest  
25 in Global?

7 (Pages 22 to 25)



Page 26

1 **MR. DeWULF:** Object to form.  
2 If you know.  
3 BY MR. HIRSCH:  
4 **Q. I don't know any way to state it more clearly,**  
5 **Mr. Hill.**  
6 A. Well, this transaction was structured as a private  
7 equity transaction. So what that means is that there are  
8 two categories of holdings. This, these percentages  
9 represent the common stock holding, which is a -- which is  
10 the -- which is the percentages that are used when the  
11 initial capital plus its carried interest are returned to  
12 the original investors.  
13 **Q. And what's the second category of holdings?**  
14 A. Really the first category is called a pref, or  
15 preferential stock.  
16 And this is a second category called common.  
17 The way this deal was structured basically was a  
18 50/50 split of common stock, once the pref interest and  
19 principal were returned to the investors.  
20 That's the way it was initially contemplated when  
21 the deal was structured.  
22 Subsequently the stock was spread amongst my part  
23 of the management team and Bill's part of his board and  
24 members of his senior staff.  
25 **Q. And when you say the stock, you mean the common**

Page 27

1 **stock?**  
2 A. Common, correct.  
3 **Q. Has the initial preferred layer of obligation been**  
4 **satisfied at this point?**  
5 **MR. DeWULF:** If you can answer that question  
6 without revealing information which would be the subject of  
7 the discovery dispute, then go ahead.  
8 **THE WITNESS:** No.  
9 BY MR. HIRSCH:  
10 **Q. I will not get into details, understanding from**  
11 **counsel that would trigger further objections.**  
12 **I'll live with that response for now.**  
13 **Were there any other cash investors in the startup**  
14 **of Global other than Mr. Levine?**  
15 A. Yes.  
16 **Q. And who were they?**  
17 A. Myself, Leo Commandeur, Dan Cracchiolo, and Bill  
18 Levine.  
19 **Q. Did Mr. Cohn have any cash in the deal at the**  
20 **front end?**  
21 A. No.  
22 **Q. I take it Mr. Simmons and Ms. Liles did not**  
23 **either?**  
24 A. That's correct.  
25 **Q. How is their ownership of common stock -- what**

Page 28

1 **does that represent, if not cash in the deal?**  
2 A. Could you help me again?  
3 **Q. Certainly. I'll try.**  
4 **Exhibit 2 reflects that the three individuals, or**  
5 **is there four, did not have cash in the deal. It looks like**  
6 **three individuals, Liles, Simmons, and Cohn, did not have**  
7 **cash in the front end.**  
8 **So I was trying to determine how they got their**  
9 **percentage of common stock, if it wasn't in exchange for**  
10 **cash infusion.**  
11 A. Oh. I understand.  
12 After the pref is paid off or replaced, this  
13 basically represents a carried interest for performance.  
14 **Q. A type of consideration for services rendered to**  
15 **Global Water?**  
16 A. Or to be rendered.  
17 **Q. What was the rate of return that was agreed to**  
18 **with Mr. Levine on the pref?**  
19 **MR. DeWULF:** Object to form.  
20 BY MR. HIRSCH:  
21 **Q. Was there a rate of return? And what was it?**  
22 **MR. DeWULF:** Is that something that you sought to  
23 protect from disclosure in the other matter?  
24 **THE WITNESS:** I don't know.  
25 **MR. DeWULF:** Can we put our heads together?

Page 29

1 **MR. HIRSCH:** We're about time for a break anyway.  
2 Let's take a break.  
3 **(Brief recess taken.)**  
4 **MR. HIRSCH:** We're back on the record after a  
5 break. **Mr. DeWulf** has reached a conclusion as to  
6 objections.  
7 **MR. DeWULF:** What I was conveying to counsel is  
8 that we're going to object to those questions which pertain  
9 to the respective interest of the shareholders in Global  
10 Water Resources and Global Water Management, what  
11 understandings they may have among them, what understandings  
12 they may have with the companies in which they hold an  
13 interest, including how much money they've advanced, what  
14 commitments they've made, what commitments may be made back  
15 to them as to return on whatever moneys they or services  
16 they may have rendered.  
17 **MR. HIRSCH:** Thank you. I'll respect that  
18 objection and just preserve the right that had I been  
19 allowed I would have made full inquiry into those matters,  
20 but we'll move on Mr. Hill and keep us on track.  
21 BY MR. HIRSCH:  
22 **Q. I take it that when you formed Global you took**  
23 **Mr. Commandeur and Simmons with you?**  
24 A. Yes.  
25 **Q. And the other individuals who show as owners of**

Page 30

1 the common stock, let me ask as to their role, if any, in  
2 the management of either of the Global entities that are  
3 shown on Exhibit 2, the entities that they directly own the  
4 stock in.

5 Does Mr. Levine have any management role of any  
6 kind?

7 A. No.

8 Q. Given his experience in the development industry,  
9 has he played any role in terms of advising you or directing  
10 the operations of either Global entity?

11 MR. DeWULF: Could you read that back, please?  
12 (Pending question read.)

13 MR. DeWULF: Object to form.

14 THE WITNESS: Can you restate the question?

15 BY MR. HIRSCH:

16 Q. Let's break it down.

17 Let's establish, I believe you're president of  
18 Global Water Resources, L.L.C.; is that correct?

19 A. Yes.

20 Q. And you have been since its formation?

21 A. Yes.

22 Q. Is the same true with Global Water Management,  
23 L.L.C.?

24 A. Yes.

25 Q. Now, they're L.L.C.s, so I understand that the

Page 31

1 corporate labels change a little bit, but you function as  
2 the chief executive officer of both of those entities, do  
3 you not?

4 A. Yes.

5 Q. My first question is: Has Mr. Levine given you  
6 direct advice as to how to run the affairs of either of  
7 those two Global entities?

8 A. Mr. Levine is the chairman of the board of  
9 directors.

10 Q. In that role what general subject matter type of  
11 advice, if any, does he give you as the chief executive  
12 officer?

13 MR. DeWULF: Object to form.

14 BY MR. HIRSCH:

15 Q. Let me try to restate it.

16 Nothing nefarious intended here.

17 Is he -- trying to get a sense, Mr. Hill, if he's  
18 involved on a day-to-day basis in directing business  
19 affairs, or if he's more passive in his role?

20 A. I would say he's passive.

21 Q. What about Mr. Cohn? What is his role in the  
22 management or operations of Global Water Resources or Global  
23 Water Management?

24 A. Passive.

25 Q. And what's your understanding of Mr. Cohn's

Page 32

1 business relationship with Mr. Levine?

2 MR. DeWULF: Object to form. You can tell what  
3 you know.

4 THE WITNESS: I believe Mr. Cohn acts to manage  
5 Mr. Levine's investments of which Global is one.

6 BY MR. HIRSCH:

7 Q. And same question as to Dan Cracchiolo. Does he  
8 assert any active or have any active management role in  
9 Global Water Resources or Global Water Management?

10 A. No.

11 Q. Is his role more passive?

12 A. Yes.

13 Q. And I think the others have been described in  
14 testimony, so we'll leave them where they stand.

15 What was, I'll just use the word generically,  
16 Global's first acquisition after it was formed?

17 A. Global acquired -- Global Water Resources, L.L.C.,  
18 acquired Palo Verde and Santa Cruz.

19 Q. Referring to Exhibit 2, we've had some question  
20 about Global Water, Inc. and its role, a Delaware C corp, in  
21 the Global Water family of companies here.

22 Can you describe in your words what Global Water,  
23 Inc., what role it plays?

24 A. Yes. Global Water, Inc., was established to be  
25 the holdco for acquired C corporations.

Page 33

1 Q. And you use that in the past tense.

2 Does it still have that position?

3 A. Yes.

4 Q. Why is it that Santa Cruz Water Company, L.L.C.,  
5 and Palo Verde Utilities Company, L.L.C., are owned directly  
6 by Global Water Resources instead of by Global Water, Inc.?

7 A. They were L.L.C.s at the time of acquisition.

8 Q. And what is the reason for making that  
9 distinction?

10 A. I don't understand the question.

11 Q. Why did you have Global Water Resources acquire  
12 the two L.L.C. utilities, as opposed to Global Water, Inc.?  
13 Is there a tax reason or other business reason?

14 MR. DeWULF: Object to form.

15 THE WITNESS: Could you be more specific?

16 BY MR. HIRSCH:

17 Q. I don't know the answer, so I'm just asking why do  
18 those two entities show as being directly acquired or owned  
19 by Global Water Resources as opposed to Global Water, Inc.,  
20 if you know?

21 A. The L.L.C.s were acquired by the L.L.C. holdco and  
22 the C corps were acquired by the C corp holdco.

23 Q. If that's true, and I really don't know the answer  
24 here, why wouldn't Global Water, Inc., be on the same line,  
25 if you will, on the chart as Global Water Resources, L.L.C.,

Page 34

1 as opposed to being wholly owned by Global Water Resources?

2 A. Well, it is wholly owned by Global Water

3 Resources, L.L.C.

4 **Q. I guess what I am trying to get to, Mr. Hill, is I**

5 **take it you are trying to draw a distinction between**

6 **ownership of the L.L.C. entities in Global Water Resources,**

7 **L.L.C.; correct?**

8 A. I'm not sure I understand that question.

9 **Q. You've made a choice to have Global Water**

10 **Resources own the two utility L.L.C. entities, Santa Cruz**

11 **and Palo Verde, L.L.C.; correct?**

12 **MR. DeWULF: Object to form.**

13 THE WITNESS: Could you rephrase the question,

14 please?

15 BY MR. HIRSCH:

16 **Q. I don't know that I can.**

17 **Is the chart correct that Global Water Resources**

18 **owns 100 percent of Santa Cruz Water Company, L.L.C., and**

19 **Palo Verde Utilities, L.L.C.?**

20 A. Yes.

21 **Q. Why the distinction between having the C corps**

22 **owned by Global Water, Inc.?**

23 **MR. DeWULF: Object to form.**

24 BY MR. HIRSCH:

25 **Q. If you know.**

Page 35

1 A. As I stated, Global Water, Inc., was established

2 to own C corps. For those utilities that are C corps, we

3 acquire them in Global Water, Inc.

4 **Q. And the utilities that are L.L.C.s, you acquire**

5 **them under Global Water Resources, L.L.C.?**

6 A. Correct.

7 **Q. Why? Why do you do that?**

8 A. For tax planning purposes.

9 **Q. What is the current status of Santa Cruz Water**

10 **Company, L.L.C., and Palo Verde Utilities Company, L.L.C.?**

11 MR. DeWULF: Can you read that back, please?

12 (Pending question read.)

13 **MR. DeWULF: Object to form.**

14 THE WITNESS: What do you mean by status?

15 BY MR. HIRSCH:

16 **Q. The legal status of those two L.L.C.s as opposed**

17 **to the two C corps that were created.**

18 A. They're L.L.C.s in good standing.

19 **Q. Which entities do you consider to be the active**

20 **entities for the business of those two utilities, currently?**

21 A. The L.L.C.s are active currently.

22 **Q. Are the two C corps, which are known as Global**

23 **Water - Santa Cruz Water Company and Global Water - Palo**

24 **Verde Utilities, currently occupied in any business?**

25 A. No.

Page 36

1 **Q. Why were they formed?**

2 A. They were formed to hold the assets of Palo Verde

3 and Santa Cruz. There's an application pending to transfer

4 the assets from the L.L.C.s to the C corps, which I don't

5 know if it's been approved or not.

6 **Q. And what is the business reason, if you know, for**

7 **that request?**

8 A. It's our preference to have regulated utilities in

9 the form of a C corp.

10 **Q. And why is that?**

11 A. We believe it's the preference of the Corporation

12 Commission.

13 **Q. What is your belief as to why the Corporation**

14 **Commission would prefer that?**

15 A. My belief is that they believe it gives them a

16 better sense of control.

17 **Q. Was Global Water Management, L.L.C., formed at the**

18 **same time as Global Water Resources, L.L.C.?**

19 A. No.

20 **Q. Global Water Management came later?**

21 A. Yes.

22 **Q. What made you decide to create Global Water**

23 **Management, L.L.C.?**

24 A. Global Water Management was formed when it became

25 clear that Global Water Resources would own multiple

Page 37

1 regulated utilities.

2 **Q. And why was it formed at that time?**

3 A. It was formed to provide a benefit of

4 consolidation of management and operation to the various

5 entities that Global acquires.

6 **Q. On Exhibit 2 there's five bullet points, starting**

7 **with management and ending with engineering services.**

8 **Are those among the services that you're**

9 **referencing?**

10 A. Yes.

11 **Q. Is that still the model in use as of today?**

12 A. It is.

13 **Q. And there's an acronym or a word I didn't**

14 **recognize three lines down in the text below the Global**

15 **Water Management box where it says services to OPSCS. What**

16 **does that mean?**

17 A. Operating companies.

18 **Q. So those would be the various individual utilities**

19 **in the boxes over to the right of that text?**

20 A. Correct.

21 **Q. Is it the Global Water business plan that none of**

22 **the individual utilities have their own in-house staffs**

23 **performing management operations, billing, customer service,**

24 **or engineering services?**

25 A. Yes.

<p style="text-align: right;">Page 38</p> <p>1 <b>Q. And is there a set industry standard chargeout</b>  2 <b>rate that these, the individual utilities, pay Global Water</b>  3 <b>Management for those services?</b>  4 A. Could you be more specific?  5 <b>Q. It says, paraphrasing, Global Water Management</b>  6 <b>provides management services to the operating entities under</b>  7 <b>the following headings at all industry standard chargeout</b>  8 <b>rates.</b>  9 I was trying to determine what the industry  10 standard chargeout rates were.  11 A. Those rates were established by our management  12 team.  13 <b>Q. What were they based on?</b>  14 A. They were based on the cost provided to perform  15 those duties.  16 <b>Q. Is there a profit component built into the</b>  17 <b>equation?</b>  18 A. No.  19 <b>Q. So it's a straight across passing on of the cost</b>  20 <b>and nothing more?</b>  21 A. Correct.  22 <b>Q. Does the industry standard chargeout rate</b>  23 <b>fluctuate, or is it reset annually, or how does that work?</b>  24 A. The chargeout rates are established on a series of  25 metrics, but primarily based on the number of customers in</p>	<p style="text-align: right;">Page 40</p> <p>1 Global Water Management.  2 <b>Q. And who holds what office?</b>  3 A. In each case Mr. Levine is the managing member.  4 <b>Q. And Mr. Cracchiolo and yourself are members?</b>  5 A. Correct.  6 <b>Q. And then I have seen the term, I believe, in the</b>  7 <b>answers president.</b>  8 Is that used at all as to those L.L.C. entities  9 within your business?  10 A. Yes.  11 <b>Q. And realizing that we'll leave that up to the</b>  12 <b>corporation lawyers, of which I don't think either</b>  13 <b>Mr. DeWulf or I are one from our law school days together,</b>  14 <b>who serves in what role in terms of officership labels?</b>  15 A. I serve as president, from a functional capacity  16 in both entities.  17 <b>Q. And did Mr. Cracchiolo or Mr. Levine have officer</b>  18 <b>labels?</b>  19 A. They do not.  20 <b>Q. Is there a treasurer or person considered to be</b>  21 <b>the treasurer?</b>  22 A. I don't know.  23 <b>Q. Let's move on to the acquisition of Santa Cruz and</b>  24 <b>Palo Verde.</b>  25 How long did it take you to establish and</p>
<p style="text-align: right;">Page 39</p> <p>1 the utility.  2 <b>Q. Do any of the individual utility entities that are</b>  3 <b>on the right-hand side of that text have their own employees</b>  4 <b>of record?</b>  5 A. No.  6 <b>Q. And I take it it is part of Global Water's</b>  7 <b>business plan that they will not have their own record</b>  8 <b>employees; correct?</b>  9 A. Correct.  10 <b>Q. What about Global Water Resources, L.L.C., as of</b>  11 <b>the present date, does it have employees?</b>  12 A. No.  13 <b>Q. Are all the employees of the enterprises then</b>  14 <b>under Global Water Management, L.L.C.?</b>  15 A. Yes.  16 <b>Q. And I apologize if this answer is buried in the</b>  17 <b>data request, but approximately how many employees does</b>  18 <b>Global Water Management, L.L.C., have?</b>  19 A. Approximately 110.  20 <b>Q. Is the officership of Global Water Management and</b>  21 <b>Global Water Resources the same?</b>  22 A. Yes.  23 <b>Q. Could you list what those are as of today?</b>  24 A. For Global Water Resources, Bill Levine, Dan  25 Cracchiolo, and myself are officers. And it's the same for</p>	<p style="text-align: right;">Page 41</p> <p>1 <b>capitalize Global Water?</b>  2 <b>MR. DeWULF: Object to form.</b>  3 BY MR. HIRSCH:  4 <b>Q. Maybe I'll break that out.</b>  5 When did you consider that Global Water was ready  6 to acquire utilities?  7 A. November of 2003.  8 <b>Q. And what was it about November of 2003 that causes</b>  9 <b>you to say that that is when it was ready to acquire?</b>  10 A. The Global Water Resources, L.L.C., had been form.  11 <b>Q. And the equity had been raised?</b>  12 A. Yes.  13 <b>Q. I want to ask this question without getting into</b>  14 <b>any attorney-client privilege, but just so I know the</b>  15 <b>players. I know my colleague Andrew Abraham, at Burch and</b>  16 <b>Cracchiolo, has been at some of the meetings.</b>  17 Does Burch and Cracchiolo serve as counsel in any  18 way to Global Water?  19 A. Yes.  20 <b>Q. Without revealing any advice or communications,</b>  21 <b>what is their role?</b>  22 A. Andy Abraham serves as general counsel.  23 <b>Q. And obviously the firm that's here with you today</b>  24 <b>representing you has had the lead in utility matters and at</b>  25 <b>the Arizona Corporation Commission for Global Water?</b></p>

Page 42

1 A. Well, they serve as regulatory counsel.  
 2 **Q. Are there any other lawyers or firms that you have**  
 3 **a regular relationship with?**  
 4 A. What do you mean by lawyers or firms?  
 5 **Q. Well, we've covered Burch and Cracchiolo as having**  
 6 **a general counsel role, and Roshka Patten DeWulf as being**  
 7 **the regulatory counsel and all of their lawyers.**  
 8 **Is there any other firm that you have an ongoing**  
 9 **relationship with that provides you legal services?**  
 10 A. Yes.  
 11 **Q. Who would they be?**  
 12 A. We have our water lawyers, McGuire and Pierce.  
 13 **Q. Anyone else?**  
 14 A. I don't know.  
 15 **Q. What led you to consider the acquisition of Santa**  
 16 **Cruz and Palo Verde?**  
 17 A. One of their partners told us it was for sale.  
 18 **Q. And who was that?**  
 19 A. I don't know.  
 20 **Q. There's a reference to a Mr. Reinbold, could that**  
 21 **have been the person?**  
 22 A. Yes.  
 23 **Q. And did you know him before starting Global Water?**  
 24 A. I had met him before, on one occasion.  
 25 **Q. Were Santa Cruz/Palo Verde attractive targets for**

Page 43

1 **Global at that time?**  
 2 A. Yes.  
 3 **Q. What made them so?**  
 4 A. Those utilities were in an area that appeared to  
 5 be poised for growth.  
 6 **Q. And as such they met the Global Water business**  
 7 **plan?**  
 8 **MR. DeWULF: Object to form.**  
 9 **THE WITNESS: Could you restate that question?**  
 10 **BY MR. HIRSCH:**  
 11 **Q. That was one of the elements of the type of**  
 12 **companies you were looking for under your business plan; is**  
 13 **that not correct?**  
 14 A. Global Water looks to find companies that have  
 15 growth potential.  
 16 **Q. And the acquisition of Santa Cruz and Palo Verde**  
 17 **was via a stock purchase, was it not?**  
 18 A. Palo Verde and Santa Cruz are limited liability  
 19 companies, so the acquisition was of membership interest.  
 20 **Q. I appreciate that correction.**  
 21 **But it was through an acquisition of the**  
 22 **membership interest as opposed to an asset purchase;**  
 23 **correct?**  
 24 A. Correct.  
 25 **Q. And as such, the acquisition did not need**

Page 44

1 **Corporation Commission approval, was that your**  
 2 **understanding?**  
 3 A. That is my understanding.  
 4 **Q. Is that another reason Global Water desired to**  
 5 **structure the acquisition in that manner?**  
 6 **MR. DeWULF: Object to form.**  
 7 **MR. HIRSCH: You can answer if you know.**  
 8 **THE WITNESS: No.**  
 9 **BY MR. HIRSCH:**  
 10 **Q. Were interests in any L.L.C.s acquired at or about**  
 11 **the same time from Mr. Reinbold, or was it just Santa Cruz**  
 12 **and Palo Verde?**  
 13 **MR. DeWULF: Object to form.**  
 14 **THE WITNESS: Could you rephrase?**  
 15 **BY MR. HIRSCH:**  
 16 **Q. Did you acquire anything else from Mr. Reinbold**  
 17 **other than the two utilities?**  
 18 **MR. DeWULF: Object to form.**  
 19 **THE WITNESS: Can you be more specific?**  
 20 **BY MR. HIRSCH:**  
 21 **Q. No.**  
 22 **Did Global Water acquire from Mr. Reinbold**  
 23 **anything other than the membership interests in Santa Cruz**  
 24 **Water Company, L.L.C., and Palo Verde Utilities Company,**  
 25 **L.L.C.?**

Page 45

1 **MR. DeWULF: Object to form.**  
 2 **MR. HIRSCH: Can you give me a clue?**  
 3 **MR. DeWULF: Maybe I'm not up to speed. We**  
 4 **haven't established that Mr. Reinbold owned all the**  
 5 **ownership interest of the entities. So you're presuming**  
 6 **that's the case for your question.**  
 7 **MR. HIRSCH: I don't know and I don't particularly**  
 8 **care.**  
 9 **I was trying to use that name as a shorthand.**  
 10 **BY MR. HIRSCH:**  
 11 **Q. Who did you consider to be the owners or the**  
 12 **persons who controlled Palo Verde and Santa Cruz?**  
 13 A. The companies were owned by Phoenix Capital  
 14 Partners.  
 15 **Q. That's what I am trying to get to.**  
 16 **Who controlled Phoenix Capital Partners?**  
 17 A. I don't know.  
 18 **Q. I'll just ask directly. What, to your knowledge,**  
 19 **was the relationship between Phoenix Capital Partners,**  
 20 **L.L.C., and the two utility entities we described?**  
 21 A. Phoenix Capital Partners held the membership  
 22 interests of Palo Verde Utilities Company and Santa Cruz  
 23 Water Company.  
 24 **Q. Okay. Other than Phoenix Capital Partners and**  
 25 **Santa Cruz and Palo Verde, were there any other L.L.C. or**

Page 46

1 corporate interests that Global Water acquired in that  
 2 transaction?  
 3 A. No.  
 4 Q. Let me ask you to turn to Exhibit 3.  
 5 Here's an extra copy.  
 6 MR. DeWULF: Thanks, Steve.  
 7 BY MR. HIRSCH:  
 8 Q. I'll tell you, Mr. Hill, to speed this along, we  
 9 tried to find some of the older versions of infrastructure  
 10 coordination agreement, and we see one here that was  
 11 produced between Phoenix Capital Partners, L.L.C., and  
 12 Elliot Homes, Inc.  
 13 Do you see that?  
 14 A. Yes.  
 15 Q. Now, a few questions generally.  
 16 To the best of your knowledge, does this  
 17 infrastructure coordination agreement appear to be entered  
 18 into before Global acquired Phoenix Capital Partners?  
 19 MR. DeWULF: Object to form.  
 20 THE WITNESS: Could you restate?  
 21 BY MR. HIRSCH:  
 22 Q. Did you have anything to do with negotiating  
 23 Exhibit 3?  
 24 MR. DeWULF: You're talking about him  
 25 individually; right?

Page 47

1 MR. HIRSCH: Him individually.  
 2 THE WITNESS: No.  
 3 BY MR. HIRSCH:  
 4 Q. To the best of your knowledge, was this agreement,  
 5 Exhibit 3, in place when Global Water acquired the interest  
 6 of Phoenix Capital Partners?  
 7 MR. DeWULF: Object to form.  
 8 BY MR. HIRSCH:  
 9 Q. Let me try that one again.  
 10 Do you see that the signatures on Exhibit 3 appear  
 11 to have been notarized in January of 2004, Mr. Hill?  
 12 A. Yes, I see that.  
 13 Q. And it seems to have been recorded, if we look at  
 14 the recording stamp on Page 1, in May of '04. Would you  
 15 agree with that?  
 16 A. I would.  
 17 Q. And as sometimes happens, it's recited to have  
 18 been entered into as of December, but that's drawn through,  
 19 and January is written, but they didn't change the year from  
 20 '03 to '04.  
 21 Would you agree with me that that appears to be  
 22 the case?  
 23 A. That appears to be the case.  
 24 Q. As of January 20th of '04, had Global Water closed  
 25 the acquisition of Phoenix Capital Partners/Santa Cruz/Palo

Page 48

1 Verde?  
 2 A. No.  
 3 Q. No?  
 4 A. No.  
 5 Q. I didn't get the answer.  
 6 A. I'm sorry. No.  
 7 Q. And Mr. Lansky is not Global Water's transactional  
 8 lawyer, is he?  
 9 A. He was for this transaction.  
 10 Q. I see that he was involved for somebody in this  
 11 transaction, apparently, because his name is on the front  
 12 page and the fax line comes from his firm.  
 13 What role, if any, did Global Water have in the  
 14 negotiation or execution of Exhibit 3, if you know?  
 15 A. No role.  
 16 Q. What I was trying to get to earlier was, to the  
 17 best of your knowledge, had this agreement been executed at  
 18 the point in time that Global Water acquired Santa Cruz  
 19 Water Company, L.L.C., and Palo Verde Utilities Company,  
 20 L.L.C.?  
 21 A. Yes.  
 22 Q. Do you consider that Global Water acquired Phoenix  
 23 Capital Partners, L.L.C.?  
 24 A. No.  
 25 Q. Did Phoenix Capital Partners, L.L.C., continue in

Page 49

1 existence -- well, does Phoenix Capital Partners, L.L.C.,  
 2 have any relationship with Global Water to this day?  
 3 A. No.  
 4 Q. Do you consider that Global Water stepped into the  
 5 shoes of Phoenix Capital Partners, L.L.C., with respect to  
 6 the obligations that are recited in Exhibit 3?  
 7 MR. DeWULF: Object to form.  
 8 THE WITNESS: Could you restate?  
 9 BY MR. HIRSCH:  
 10 Q. Sure. I'll try.  
 11 Were the obligations inherent in the Exhibit 3  
 12 infrastructure coordination agreement transferred to Global  
 13 Water when it acquired Santa Cruz Water Company, L.L.C., and  
 14 Palo Verde Utilities Company L.L.C.?  
 15 A. Yes.  
 16 Q. Would you agree that functionally Global Water  
 17 became the coordinator after it acquired the two utilities?  
 18 A. Could you define functionally?  
 19 Q. Well, Global Water, specifically Resources L.L.C.,  
 20 took over the position as coordinator from Phoenix Capital  
 21 Partners, L.L.C.; correct?  
 22 A. Yes.  
 23 Q. To your knowledge, was there a transfer or  
 24 assignment form or paperwork of any type to document that?  
 25 A. I believe -- I believe this document was assigned

Page 50

1 to Global Water Resources.

2 **Q. As part of its acquisition of Santa Cruz and Palo**

3 **Verde, the utility companies?**

4 A. Yes.

5 **Q. Mr. Hill, did you -- I am trying to get to whose**

6 **brainchild the concept of infrastructure coordination**

7 **agreements are. Are they Mr. Lansky's? Are they**

8 **Mr. Reinbold's as part of Phoenix Capital Partners? Do you**

9 **know?**

10 A. I don't know.

11 **Q. You've indicated that Ms. Liles has been**

12 **designated to testify as to the infrastructure coordination**

13 **agreements. Do you defer to her as to how these agreements**

14 **came about?**

15 MR. DeWULF: Are you referring specifically to

16 Exhibit 3?

17 BY MR. HIRSCH:

18 **Q. I mean generically infrastructure coordination**

19 **agreements or infrastructure finance and coordination**

20 **agreements.**

21 MR. DeWULF: Can you answer him?

22 THE WITNESS: I believe the question is am I

23 deferring to Cindy to answer these questions?

24 MR. DeWULF: About these.

25 THE WITNESS: Yes, I am deferring.

Page 51

1 BY MR. HIRSCH:

2 **Q. Appreciating that, and we'll talk to her next week**

3 **apparently, did you have anything to do with the concept of**

4 **the ICFA or ICA agreements, or was the concept already in**

5 **place when Global Water acquired Santa Cruz and Palo Verde?**

6 A. This agreement was in place when we acquired

7 Palo Verde and Santa Cruz.

8 **Q. I understand. I think we established that the**

9 **agreement was already in place, but was the concept of this**

10 **method of coordinating the provision of utilities for a fee,**

11 **was that something that you had any involvement in?**

12 A. I would say that I, after the acquisition of

13 Palo Verde and Santa Cruz, I had a role in improving the

14 documents.

15 **Q. When do you recall first hearing the concept of a**

16 **coordination agreement in the utility field in Arizona?**

17 A. I don't know.

18 **Q. Had you heard of such a thing when you were with**

19 **Algonquin?**

20 A. No.

21 **Q. Did it first come to your attention as part of**

22 **your discussions leading up to the acquisitions of**

23 **Santa Cruz and Palo Verde?**

24 A. Yes.

25 **Q. Do you remember who you heard it from?**

Page 52

1 A. I believe I learned of its existence in the due

2 diligence process.

3 **Q. In looking through the records of the utilities**

4 **you found that they had entered into agreements similar to**

5 **Exhibit 3?**

6 A. Yes.

7 **Q. Did you talk to Ms. Liles about them at that time?**

8 A. Yes.

9 **Q. And what was your understanding of her role with**

10 **Phoenix Capital Partners at that time?**

11 MR. DeWULF: Object to form.

12 BY MR. HIRSCH:

13 **Q. If you know. I'm asking what your understanding**

14 **was.**

15 A. Can you repeat the question?

16 **Q. What role or position did she appear to have with**

17 **Phoenix Capital Partners?**

18 A. She appeared to be the utility manager at the time

19 of acquisition.

20 **Q. And the utility manager for Palo Verde and**

21 **Santa Cruz?**

22 A. Yes.

23 **Q. Had you worked with Ms. Liles before at all?**

24 A. No.

25 **Q. How did it come about that she joined the Global**

Page 53

1 **Water team?**

2 A. She was an employee of the utilities, and we took

3 all of the employees of the utilities at the time of the

4 acquisition.

5 **Q. How many were there, to the best of your**

6 **recollection?**

7 A. I don't know.

8 **Q. Were there five or six? Or 50? Do you have any**

9 **idea?**

10 A. Five or six.

11 **Q. Were there any field, you know, operations and**

12 **maintenance type of people? Or were they all more office**

13 **staff?**

14 A. They were all office staff.

15 **Q. Do you remember approximately how many active**

16 **services Palo Verde and Santa Cruz had when you acquired**

17 **them, or Global Water acquired them?**

18 A. Approximately 1600 homes.

19 **Q. And how were the maintenance and operations**

20 **services being performed if they were not being performed by**

21 **employees at that time?**

22 A. They were performed by contract operations group.

23 **Q. And who was that?**

24 A. Severn Trent.

25 **Q. This was an independent contractor group that**

<p style="text-align: right;">Page 54</p> <p>1 performed those services for the utilities?</p> <p>2 A. Yes.</p> <p>3 Q. And did you, after the utilities were acquired,</p> <p>4 have any business relationship with Severn Trent?</p> <p>5 A. Immediately after the acquisition we continued to</p> <p>6 use Severn Trent, yes.</p> <p>7 Q. For how long?</p> <p>8 A. Perhaps six months.</p> <p>9 Q. And then what happened to them?</p> <p>10 A. We made the decision to internalize operations.</p> <p>11 Q. Did that lead to the formation of Global Water</p> <p>12 Management?</p> <p>13 A. They're unrelated.</p> <p>14 Q. When was Global Water Management formed</p> <p>15 approximately?</p> <p>16 A. I don't know. I think early '04.</p> <p>17 Q. When you say you made the decision to internalize</p> <p>18 the operations, did that mean you transferred it to Global</p> <p>19 Water Management to perform the bullet point tasks that we</p> <p>20 looked at on Exhibit 2 earlier?</p> <p>21 A. No.</p> <p>22 Q. What did you mean you did?</p> <p>23 A. It means that we went from a contract operation to</p> <p>24 operations being performed by Global Water Management</p> <p>25 employees.</p>	<p style="text-align: right;">Page 56</p> <p>1 A. I do not.</p> <p>2 Q. Do you believe it was Ms. Liles?</p> <p>3 A. It may have been. I don't know.</p> <p>4 Q. What lead you to believe, Mr. Hill, or what do you</p> <p>5 base your answer on that the amount to be filled in to the</p> <p>6 payment obligation is an approximation of an interest carry?</p> <p>7 A. That is how it was described to me in the due</p> <p>8 diligence.</p> <p>9 Q. By who?</p> <p>10 A. By Ms. Liles.</p> <p>11 Q. Had Phoenix Capital Partners, or either of the</p> <p>12 acquired utilities, entered into any memoranda of</p> <p>13 understanding or what you've called P-3 agreements at the</p> <p>14 time that you acquired those utilities?</p> <p>15 A. No.</p> <p>16 Q. Had you entered into such agreements while you</p> <p>17 were at Algonquin?</p> <p>18 A. No.</p> <p>19 Q. How did that concept come about?</p> <p>20 A. When you say that concept?</p> <p>21 Q. The concept of what you now use the term P-3</p> <p>22 agreements.</p> <p>23 A. These utilities were established before the City</p> <p>24 of Maricopa was incorporated. And when the City of Maricopa</p> <p>25 incorporated in '05, there were more than one utility</p>
<p style="text-align: right;">Page 55</p> <p>1 Q. And no longer independently contracted out, to</p> <p>2 outside entities, those services?</p> <p>3 A. Correct.</p> <p>4 Q. What, I think you used the word improvements, did</p> <p>5 you feel once you began to analyze the infrastructure</p> <p>6 coordination agreement, such as we see in Exhibit 3, could</p> <p>7 be done to that agreement?</p> <p>8 A. I don't know.</p> <p>9 Q. Do you know how the amount of the payment</p> <p>10 obligation such as we see on paragraph four on Page 3 of</p> <p>11 Exhibit 3 was calculated?</p> <p>12 A. Could you tell me the page number again, please?</p> <p>13 Q. Paragraph four on Page 3. 2200 per EDU.</p> <p>14 A. Well, I didn't write this agreement, but I believe</p> <p>15 the amount of the payment is an approximation of interest</p> <p>16 carry.</p> <p>17 Q. Did you look into those matters during the due</p> <p>18 diligence period?</p> <p>19 A. Yes.</p> <p>20 Q. Did you eventually have a role in deciding that</p> <p>21 the infrastructure coordination agreement methodology would</p> <p>22 be something that Global Water would carry forward after the</p> <p>23 acquisition?</p> <p>24 A. Yes.</p> <p>25 Q. Do you know who came up with the idea?</p>	<p style="text-align: right;">Page 57</p> <p>1 serving in their jurisdictional boundaries.</p> <p>2 The City was concerned as to the nature of utility</p> <p>3 services, and I deemed it appropriate to structure a</p> <p>4 cooperative methodology for working with the new city.</p> <p>5 Q. And what was the cooperative methodology that you</p> <p>6 came up with?</p> <p>7 A. A P-3 agreement.</p> <p>8 Q. Tell me -- so the first one was with Maricopa?</p> <p>9 A. Yes.</p> <p>10 Q. And just tell me in your own words how it came</p> <p>11 about.</p> <p>12 A. Well, the City was concerned about water and the</p> <p>13 availability of water for their long-term planning</p> <p>14 objectives. And they were concerned about delivering</p> <p>15 infrastructure quickly enough to meet their growth</p> <p>16 requirements. And they were concerned about the development</p> <p>17 community playing too much of a role in that regard.</p> <p>18 Q. And what do you mean by the development community</p> <p>19 playing too much of a role?</p> <p>20 A. Having the development community build the</p> <p>21 infrastructure.</p> <p>22 Q. What did you hear yourself was the basis of that</p> <p>23 concern as expressed by the Maricopa officials at that time?</p> <p>24 A. They were concerned as to the quality of utility</p> <p>25 being employed in the neighboring utility.</p>



Page 58

1 **Q. And which utility was that?**  
 2 A. It was the 387 district.  
 3 **Q. And the 387 district had a service area that was**  
 4 **incorporated into the new town?**  
 5 A. That's correct.  
 6 **Q. How was that first P-3 agreement put together?**  
 7 **Did you have a form that you used that you had seen**  
 8 **elsewhere, or did you just come up with it from scratch, or**  
 9 **what?**  
 10 A. Really, the city manager of Maricopa used the term  
 11 P-3 in the context of asking the question if there could be  
 12 a cooperative relationship between a private utility and a  
 13 municipal entity. Which I thought was a good idea. And we  
 14 jointly crafted a methodology of formalizing a manner in  
 15 which we could work cooperatively.  
 16 **Q. And I think I've established this, but the**  
 17 **Maricopa agreement was the first such P-3 agreement that**  
 18 **Global Water entered into?**  
 19 A. Yes.  
 20 MR. DeWULF: Whenever is a good time to break,  
 21 Steve, I'd like to take a break.  
 22 MR. HIRSCH: Okay. We're just about there.  
 23 And this is, I think, one of the last adversarial  
 24 aspects of the motion to compel, but we have one for  
 25 Casa Grande that I'll ask about shortly that has been marked

Page 59

1 as six, and a letter agreement with Ak-Chin, but we do not  
 2 seem to have the Maricopa one.  
 3 Again, I don't think there's any objection to  
 4 producing it.  
 5 We just need it.  
 6 With that, let's take a break.  
 7 (Brief recess taken.)  
 8 BY MR. HIRSCH:  
 9 **Q. Let's start with Exhibit 6, which should be in**  
 10 **that stack before you.**  
 11 **Here's an extra copy for counsel.**  
 12 MR. DeWULF: Thank you.  
 13 BY MR. HIRSCH:  
 14 **Q. Do you recognize this memorandum of understanding,**  
 15 **Mr. Hill?**  
 16 A. I do.  
 17 **Q. In the chronological series of events relating to**  
 18 **P-3 agreements, would this be the second one that Global**  
 19 **Water had entered into?**  
 20 A. Yes.  
 21 **Q. And can you tell me your role in terms of the**  
 22 **negotiation and execution of this memorandum of**  
 23 **understanding?**  
 24 MR. DeWULF: Could you read that back, please?  
 25 (Pending question read.)

Page 60

1 THE WITNESS: I was one member of a team of people  
 2 who worked on this agreement.  
 3 BY MR. HIRSCH:  
 4 **Q. Who else was on the team?**  
 5 A. General counsel for Global.  
 6 **Q. Mr. Abraham?**  
 7 A. Mr. Abraham.  
 8 Regulatory counsel.  
 9 **Q. And who at your regulatory counsel firm personally**  
 10 **was involved?**  
 11 A. Ray Heyman.  
 12 **Q. Thank you.**  
 13 A. Members of my management team.  
 14 **Q. Did this P-3 agreement contain any significantly**  
 15 **different terms or conditions as you recall than the**  
 16 **Maricopa agreement?**  
 17 A. No.  
 18 **Q. It was the same general concept carried forward?**  
 19 A. Yes.  
 20 **Q. Referencing paragraph four of the agreement, which**  
 21 **talks about the operating/license agreement and fees, how**  
 22 **was that manner of calculating the fee arrived at?**  
 23 A. Could you restate the question for me, please?  
 24 **Q. I'll try.**  
 25 **Paragraph four speaks in terms of the parties**

Page 61

1 **entering into an operating/license agreement for utility**  
 2 **services.**  
 3 **Do you see that?**  
 4 A. I do.  
 5 **Q. Has that been entered into at this date?**  
 6 A. When you say that, what do you mean?  
 7 **Q. Has an operating/license agreement as contemplated**  
 8 **in paragraph four of Exhibit 6 been entered into as of the**  
 9 **present date?**  
 10 A. Yes.  
 11 **Q. When approximately was it entered into?**  
 12 A. I don't know.  
 13 **Q. How was the fee set forth in paragraph four, which**  
 14 **changes depending on certain events occurring in 2006, how**  
 15 **was that entered into or reached?**  
 16 A. The City has arrangements with other utility  
 17 companies, and I believe they represented to us that this  
 18 fee was an equivalent to a franchise fee that they would  
 19 expect from any utility serving in their jurisdictional  
 20 boundaries.  
 21 **Q. And do you know what percentage was eventually**  
 22 **arrived at in the operating/license agreement that was**  
 23 **entered into or has been entered into with the City?**  
 24 A. I believe it's what's represented in paragraph  
 25 four.

16 (Pages 58 to 61)

Page 62

1 **Q. Two percent or three percent?**  
 2 A. Correct.  
 3 **Q. Which one is it?**  
 4 A. Well, two percent until the franchise fee or  
 5 franchise election is passed. And three percent thereafter.  
 6 **Q. I'm not sure we have a copy of the executed**  
 7 **agreement, so we'd call for that to be produced.**  
 8 That's a comment for your counsel here.  
 9 And then I'm going to ask the question as to  
 10 paragraph 11 fee, the \$100 for water and wastewater, or \$50  
 11 for only one service.  
 12 How was that amount arrived at?  
 13 A. I don't know how that number was arrived at.  
 14 **Q. Did you have anything to do with that negotiation,**  
 15 **or did other members of the team?**  
 16 A. I was involved in that negotiation.  
 17 **Q. Can you recall whether it was intended to**  
 18 **approximate a particular event or figure, or was it just a**  
 19 **number that arose in the negotiations not necessarily tied**  
 20 **to any particular item?**  
 21 A. It arose in negotiation and was not tied to any  
 22 particular item.  
 23 **Q. And has Global Water paid the fee anticipated in**  
 24 **paragraph 11 of Exhibit 6 to Casa Grande as of this date?**  
 25 A. No.

Page 63

1 **Q. Does that await the outcome of what we call the**  
 2 **certificate proceeding and the awarding of a CCN?**  
 3 A. No.  
 4 **Q. What event will precipitate the paying of the**  
 5 **voluntary fee by Global to Casa Grande?**  
 6 A. A residential hookup.  
 7 **Q. And as of this date there have been no residential**  
 8 **hookups?**  
 9 A. Correct.  
 10 **Q. Are there any anticipated?**  
 11 A. Can you define what you mean by the word  
 12 anticipated?  
 13 **Q. Are there any that are anticipated to be hooked up**  
 14 **in the next 60 days?**  
 15 A. No.  
 16 **Q. And has any of the paragraph four franchise-like**  
 17 **fee been paid from Global Water Resources to City of Casa**  
 18 **Grande?**  
 19 A. No.  
 20 **Q. Have the events that require such a payment of**  
 21 **such a fee occurred yet?**  
 22 A. No.  
 23 **Q. What would those events be?**  
 24 A. The presence of revenue.  
 25 **Q. Let's turn to Exhibit 7, which is the Ak-Chin**

Page 64

1 letter.  
 2 A. I've got one.  
 3 **Q. Let me show you what has been produced in the**  
 4 **proceedings to date, a letter from Global Water to the**  
 5 **chairman of the Ak-Chin Indian community dated May 23, 2006.**  
 6 **Do you recognize this?**  
 7 A. I do.  
 8 **Q. And has this letter of understanding been**  
 9 **converted to a formal, any other formal documentation beyond**  
 10 **this, sir?**  
 11 A. It has not.  
 12 **Q. This letter does not appear to have some of the**  
 13 **terms and conditions that the Casa Grande agreement, such as**  
 14 **fees.**  
 15 **Were fees discussed with the Ak-Chin community?**  
 16 A. No.  
 17 **Q. Was it understood that Global Water would not be**  
 18 **paying a fee to the Ak-Chin community during the**  
 19 **negotiations?**  
 20 A. Yes.  
 21 **Q. What was the basis of their not being a fee in the**  
 22 **Ak-Chin agreement?**  
 23 MR. DeWULF: Object to form.  
 24 THE WITNESS: Would you mind restating?  
 25

Page 65

1 BY MR. HIRSCH:  
 2 **Q. Can you explain to us why there's no fee**  
 3 **anticipated with the Ak-Chin community as opposed to the fee**  
 4 **anticipated with Casa Grande?**  
 5 A. The letter of understanding with the Ak-Chin is  
 6 not about money.  
 7 **Q. What is it about, in your view?**  
 8 A. It's about the Ak-Chin's interest in regional  
 9 water planning.  
 10 **Q. Are there further agreements that are**  
 11 **contemplated, yet to be negotiated between Global Water and**  
 12 **the Ak-Chin community?**  
 13 A. No.  
 14 **Q. Does Global Water anticipate that it will be**  
 15 **paying a franchise-like fee or a hookup fee of any nature to**  
 16 **the Ak-Chin community in the future?**  
 17 A. We do not anticipate that.  
 18 **Q. Are there any other P-3 or P-3 like agreements**  
 19 **that Global Water has entered into other than with**  
 20 **Casa Grande, Maricopa, and the Ak-Chin community?**  
 21 A. No.  
 22 **Q. Are there any others in the works in terms of**  
 23 **negotiations at present?**  
 24 MR. DeWULF: Object to form.  
 25

Page 66

1 BY MR. HIRSCH:

2 **Q. Are there any others that are contemplated at**

3 **present?**

4 MR. DeWULF: This may be the subject of discovery

5 disputes in the other matter. We're talking about future

6 plans of business.

7 I'm only raising this as a precaution.

8 Is this an area that you're comfortable talking

9 about?

10 MR. HIRSCH: I don't think it is part of the

11 dispute in the other case.

12 MR. DeWULF: Is it?

13 MR. SABO: I don't know whether you asked that

14 particular question.

15 MR. HIRSCH: I don't know that I did.

16 MR. DeWULF: Can I have the question back, please?

17 BY MR. HIRSCH:

18 **Q. Let me restate it to move it along.**

19 **I'm just asking whether Global Water is engaged in**

20 **any similar discussions with any other municipality or**

21 **governmental entity or Indian community.**

22 A. I think it's fair to say that Global Water

23 believes in public private partnerships.

24 **Q. I understand that, sir.**

25 **Are there any other discussions under way at**

Page 67

1 **present with any other such entity towards a P-3 agreement?**

2 A. No.

3 **Q. And the answers to the data request reflect that**

4 **when the fees are going to be paid, when those conditions**

5 **occur in the future, that the fees will be paid by Global**

6 **Water Resources, L.L.C., rather than by any of the regulated**

7 **utilities. Is that your understanding?**

8 MR. DeWULF: Would you read that back, please?

9 (Pending question read.)

10 THE WITNESS: No.

11 BY MR. HIRSCH:

12 **Q. Let's take it first as to the City of Casa Grande.**

13 **Isn't that agreement with Global Water Resources,**

14 **L.L.C.?**

15 A. Yes.

16 **Q. And isn't it anticipated that Global Water**

17 **Resources, L.L.C., will be making the payment, under that**

18 **agreement, Exhibit 6?**

19 A. Well, it says that Global Water Resources shall

20 make the payment until the ACC has approved an order that

21 grants the franchise in the regulated utility, at which time

22 it becomes an ACC approved franchise agreement in which case

23 the regulated utilities pay.

24 **Q. And can you give me the reference to the agreement**

25 **where you're deriving that information?**

Page 68

1 A. It's paragraph four.

2 **Q. Thank you.**

3 **Have any sums been paid by Global Water or any of**

4 **the regulated utilities within the Global Water family to**

5 **Maricopa as of this date?**

6 A. Yes.

7 **Q. And this is part of an ongoing effort by Arizona**

8 **Water Company to look at the journal entries or other**

9 **accountings.**

10 **Are you personally familiar with how many fees**

11 **have been paid to Maricopa under that P-3 agreement?**

12 A. No.

13 **Q. Would that be a figure we could derive from**

14 **Global's journal entries and accounting records?**

15 A. Yes.

16 **Q. Okay. I'll call upon on the record for that**

17 **information, which has already been part of what has been**

18 **sought in visits by others to Global's offices. Not me**

19 **thankfully.**

20 **The sums paid by Global Water to Maricopa, do you**

21 **know which entity paid those sums?**

22 A. Global Water Resources.

23 **Q. I'm going to ask you to go back to Exhibit 2 and**

24 **talk a little bit about infusion of capital or equity into**

25 **the Santa Cruz and Palo Verde utility entities.**

Page 69

1 **The responses to the data requests which you've**

2 **been a part basically state that 100 percent of the equity**

3 **in Santa Cruz Water Company and Palo Verde Utilities Company**

4 **have come from the parent entity.**

5 **Do you generally agree with that?**

6 A. Yes.

7 **Q. And you've described for us in general terms how**

8 **you acquired capital for the acquisition program that Global**

9 **Water has undertaken.**

10 **I want to shift my inquiry now to how capital may**

11 **flow from the parent entity to the regulated utilities**

12 **subsidiaries in day-to-day terms, as they are operating.**

13 **Okay?**

14 A. Okay.

15 MR. DeWULF: You're not asking him to adopt all

16 that.

17 MR. HIRSCH: No.

18 MR. DeWULF: Just that that's where you're going?

19 MR. HIRSCH: As a set-up.

20 MR. DeWULF: Definitely a set-up.

21 BY MR. HIRSCH:

22 **Q. I'll try to approach this generally.**

23 **Can you describe for us how capital flows from**

24 **Global Water Resources, L.L.C., to particularly Santa Cruz**

25 **Water Company and Palo Verde Utilities Company?**

Page 70

1 **And by that I mean, is there a set schedule where**  
 2 **capital is infused in those entities, or is it an on-call**  
 3 **basis? How does it work generally?**

4 MR. DeWULF: I think this is subject of the  
 5 dispute in the CCN matter, funding from the parent corp, is  
 6 it not?

7 THE WITNESS: It is.

8 MR. DeWULF: I'll -- based on our earlier  
 9 discussion and based on the papers that have been filed,  
 10 until we get a ruling from the ALJ, we're going to decline  
 11 to answer those questions.

12 MR. HIRSCH: Just so we're clear on this, we would  
 13 be inquiring into the sources of the funds from the parent  
 14 to the regulated utilities, which is the question I just  
 15 asked, and then where the parent gets its infusion of sums  
 16 from investors or financing outside sources, et cetera.

17 But I'm understanding, Mr. DeWulf, that we have an  
 18 agreement that those are out of bounds for purposes of this  
 19 deposition, and that will be pursued with the ALJ; is that  
 20 right?

21 MR. DeWULF: That's correct.

22 MR. HIRSCH: We would also be asking for full  
 23 details of the role of ICFA funds in the financing of either  
 24 the operations or the -- operations of utilities, or the  
 25 acquisition of new utility acquisition targets by Global.

Page 71

1 I take it those are out of bounds as well?

2 MR. DeWULF: There are a number of topics you just  
 3 identified.

4 But I think Cindy Liles has been identified as the  
 5 deponent that will talk about the ICAs.

6 I don't want to be premature with that.

7 I think that what you've identified would be areas  
 8 that we would object to, but I don't want to presume too  
 9 much.

10 I think it depends on the specific question you  
 11 ask.

12 MR. HIRSCH: Perhaps we can resolve this by  
 13 confirming that Ms. Liles, who I agree, I think, has been  
 14 designated as the 30(b)(6) deponent on that point.

15 BY MR. HIRSCH:

16 **Q. Let me ask, Mr. Hill, whether or not instructions**  
 17 **are given or not to answer or allow me to get further into**  
 18 **those issues, would you agree that Ms. Liles is the official**  
 19 **with Global Water that is better able to address the**  
 20 **specific tracking of ICFA funds?**

21 A. Yes.

22 **Q. Another area that we've identified for you to**  
 23 **address, Mr. Hill, or you've identified that you might be**  
 24 **able to address, is the savings to be achieved through**  
 25 **common or shared employees or facilities for the water or**

Page 72

1 wastewater facilities.

2 **Do you remember that generally?**

3 A. Yes.

4 **Q. We understand from the answers and supplemental**  
 5 **answers to data requests produced by Global Water that the**  
 6 **actual amount of savings are not able to be calculated; is**  
 7 **that correct, from your perspective?**

8 A. Yes.

9 **Q. Have you made any attempts to calculate the**  
 10 **savings?**

11 A. Do you mean me personally?

12 **Q. You or others at your direction.**

13 A. No.

14 **Q. Do you believe savings are achieved?**

15 A. Yes.

16 **Q. But it's just hard or impossible to quantify that?**

17 A. Yes.

18 **Q. Are there any written agreements in place**  
 19 **between -- let's limit it to Santa Cruz Water Company and**  
 20 **Palo Verde Utilities Company and Global Water Management**  
 21 **concerning the management services that are provided by**  
 22 **Global Water Management?**

23 A. No.

24 MR. DeWULF: Steve, we keep identifying Santa Cruz  
 25 and Palo Verde as companies. I may be wrong. I thought

Page 73

1 they were L.L.C.s. And they're going to become companies.

2 BY MR. HIRSCH:

3 **Q. Mr. Hill, just so you know, I'm just using the**  
 4 **name, not trying to pin you down to L.L.C. or C corp.**  
 5 **Did you understand my questions that way?**

6 A. Yes.

7 **Q. So there's no contract between Global Water**  
 8 **Management and those two utilities? It's handled instead**  
 9 **as a bookkeeping entry within Global Water for those**  
 10 **services?**

11 MR. DeWULF: Object to form.

12 THE WITNESS: Could you restate those questions?

13 BY MR. HIRSCH:

14 **Q. How does Santa Cruz Water Company and Palo Verde**  
 15 **Utilities Company know what to pay Global Water Management**  
 16 **for management services rendered?**

17 A. Global Water Management renders a bill monthly.

18 **Q. But there is no written agreement tracking the**  
 19 **services provided?**

20 A. That is correct.

21 **Q. Does Global Water Management itself contract out**  
 22 **any of those services to outside entities, or is it all in**  
 23 **house?**

24 A. Global Water Management has numerous contractual  
 25 relationships with third party suppliers.

<p style="text-align: right;">Page 74</p> <p>1 <b>Q. Can you just generally describe what the nature of</b>  2 <b>some of those might be?</b>  3 A. Well, there are janitorial services, suppliers of  4 office products, payroll, company contracts, other things  5 that you would find that are typical of a company with  6 100 employees.  7 <b>Q. A billing services to customers, is that handled</b>  8 <b>in house or contracted out?</b>  9 A. Billing is in house.  10 <b>Q. And customer service in terms of repair calls and</b>  11 <b>similar service issues with customers, is that in house or</b>  12 <b>contracted out?</b>  13 A. In house.  14 <b>Q. And engineering services, is that -- what category</b>  15 <b>would you put that in?</b>  16 A. We have probably ten professional engineers in  17 Global Water Management. There are also numerous  18 engineering firms we work with on a regular basis. Some in.  19 Some out.  20 <b>Q. One of the Rule 30(b)(6) categories you were</b>  21 <b>identified as being able to address is the use of Central</b>  22 <b>Arizona Project water allocations.</b>  23 <b>Do you recall that?</b>  24 A. I do.  25 <b>Q. The data responses we've received to date indicate</b></p>	<p style="text-align: right;">Page 76</p> <p>1 acquiescence, which has not taken place yet, so the surface  2 allocation is technically still in the shell entity.  3 <b>Q. You agree that as a result of the condemnation</b>  4 <b>Global Water is not making any plans to make use of that CAP</b>  5 <b>allocation while bureau approval is pending; is that</b>  6 <b>correct?</b>  7 A. That is correct.  8 <b>Q. Is there any other CAP water in the Global Water</b>  9 <b>inventory at present?</b>  10 A. No.  11 <b>Q. And the company still does not have a CAP water</b>  12 <b>tariff; correct? By that I mean Global Water or any of its</b>  13 <b>subsidiary utilities; is that correct?</b>  14 A. I don't know what a CAP tariff is.  15 Is that coffee back there?  16 MR. DeWULF: In the black pitchers.  17 MR. HIRSCH: I can't swear to the potable of it.  18 THE WITNESS: Thanks, Steve.  19 MR. HIRSCH: Is there steam coming out of it? I  20 can get you a fresh pot.  21 THE WITNESS: Thank you.  22 BY MR. HIRSCH:  23 <b>Q. Let me wind up by asking a couple questions about</b>  24 <b>a couple of agreements that we haven't looked at yet.</b>  25 <b>We looked at an early ICA.</b></p>
<p style="text-align: right;">Page 75</p> <p>1 <b>that Santa Cruz Water Company has not sold any surface</b>  2 <b>water, including Central Arizona Project water, to date.</b>  3 <b>Is that still the case?</b>  4 A. Yes.  5 <b>Q. And it is still the case that Santa Cruz Water</b>  6 <b>Company has no CAP allocation; is that correct?</b>  7 A. That is correct.  8 <b>Q. There is information provided that Cave Creek</b>  9 <b>Water Company provides a substantial amount of treated CAP</b>  10 <b>water within the Global family of utilities. Is that still</b>  11 <b>correct?</b>  12 A. It was before that company was condemned.  13 <b>Q. Did the condemnation of the assets of Cave Creek</b>  14 <b>Water Company by the Town of Cave Creek include the CAP</b>  15 <b>allocation that was held by Cave Creek Water Company?</b>  16 A. Yes.  17 <b>Q. So as of today's date, do any of the Global Water</b>  18 <b>entities have a CAP allocation?</b>  19 A. Well, technically Cave Creek Water Company, Inc.,  20 still has the allocation.  21 <b>Q. I'm not understanding. I thought you said it was</b>  22 <b>condemned and transferred as a result of the condemnation.</b>  23 <b>Is that still in process, or is it going to</b>  24 <b>happen?</b>  25 A. The transfer is subject to the bureau's final</p>	<p style="text-align: right;">Page 77</p> <p>1 <b>I'm going to ask you to look at Exhibit 4 now.</b>  2 MR. DeWULF: Thank you.  3 BY MR. HIRSCH:  4 <b>Q. I'll tell you that there's no particular</b>  5 <b>significance to the landowner that happened to come out of</b>  6 <b>the pile here, which is SVBM 80 Limited Partnership, but</b>  7 <b>rather we were picking one that's dated another year or so</b>  8 <b>down the line from, in this case, coming up on two years</b>  9 <b>down the line from the Exhibit 3 agreement, which was the</b>  10 <b>Phoenix Capital Partners agreement.</b>  11 <b>Would you agree just generically, Mr. Hill, that</b>  12 <b>Exhibit 4 is a more mature and refined ICFA than the early</b>  13 <b>infrastructure coordination agreement we earlier looked at?</b>  14 MR. DeWULF: Object to form.  15 THE WITNESS: Can you tell me what you mean by  16 mature and refined?  17 BY MR. HIRSCH:  18 <b>Q. Mr. DeWulf doesn't like the words I'm using.</b>  19 <b>You mentioned you had a role after becoming</b>  20 <b>involved with the infrastructure coordination concept in</b>  21 <b>improving the agreements.</b>  22 <b>Is Exhibit 4 an improved version of Exhibit 3,</b>  23 <b>from your perspective?</b>  24 A. Yes.  25 <b>Q. My own review of these indicate that the payment</b></p>

<p style="text-align: right;">Page 78</p> <p>1 obligations from the landowner continue to go up over time.</p> <p>2 Exhibit 3, for example, recites a 2200 dollar per</p> <p>3 EDU payment, and this one recites a \$3,840 per EDU payment</p> <p>4 in paragraph four.</p> <p>5 Do you see that?</p> <p>6 A. I do.</p> <p>7 Q. And ICFA agreements exist that are greater than</p> <p>8 \$4,000 per EDU.</p> <p>9 Isn't that true?</p> <p>10 A. That is true.</p> <p>11 Q. What goes into, at the present day, what goes into</p> <p>12 calculating the payment obligation of the landowner in the</p> <p>13 Global Water ICFAs?</p> <p>14 A. The fee is calculated as an interest carry for the</p> <p>15 presumed period of the buildout of the subject land.</p> <p>16 Q. And can you elaborate about how that sum is</p> <p>17 reached? Is there an internal formula of some sort that you</p> <p>18 use?</p> <p>19 A. I would say it's an approximation of interest.</p> <p>20 Q. I understand it's an approximation that's reached</p> <p>21 during the negotiation process, but tell me how you get</p> <p>22 there.</p> <p>23 Do you start by estimating the total buildout cost</p> <p>24 of all the infrastructure?</p> <p>25 A. It is fair to say that I have estimated the total</p>	<p style="text-align: right;">Page 80</p> <p>1 is that a variable or not?</p> <p>2 A. That's really an output.</p> <p>3 Q. I know the amount is, but I'm talking about do you</p> <p>4 assume a, you know, prime plus X rate, or prime minus X</p> <p>5 rate, or what interest rate do you assume to get the output?</p> <p>6 A. Like I say, it's an output. So you put all those</p> <p>7 other factors in. And that's what you get out is an RR type</p> <p>8 output percentage.</p> <p>9 Q. But to reach a dollar amount per unit, don't you</p> <p>10 have to give the model a rate of return that you want to</p> <p>11 get? What am I missing?</p> <p>12 A. I think there are probably more than one way to</p> <p>13 build a model.</p> <p>14 In this particular case, percentage is not an</p> <p>15 input item, it's an output.</p> <p>16 Q. If the entire amount of the payment obligation sum</p> <p>17 is not paid, the agreements typically call for a consumer</p> <p>18 price index adjustment to the amount paid over time; is that</p> <p>19 correct?</p> <p>20 A. That is correct.</p> <p>21 MR. HIRSCH: Just as a factor of discovery, rather</p> <p>22 than taking more of Mr. Hill's time here, we'd ask for,</p> <p>23 however it's best produced, the model or the formula that</p> <p>24 these numbers are put into, whether it's an algorithm, it</p> <p>25 doesn't sound too complex really, or a computer formula.</p>
<p style="text-align: right;">Page 79</p> <p>1 cost of all buildout infrastructure.</p> <p>2 Q. And then, I'm trying not to put words in your</p> <p>3 mouth, but get to the interest carry.</p> <p>4 Do you impute a market interest rate to that and</p> <p>5 then a period of time of time and break it down per unit?</p> <p>6 Or how do you reach, say, for example, in Exhibit 4, 3840</p> <p>7 per EDU?</p> <p>8 A. There's an empirically derived estimation of what</p> <p>9 it costs to provide water, wastewater, reclaimed water</p> <p>10 infrastructure per home, and a presumed absorption rate.</p> <p>11 And those elements are placed into a model that generates an</p> <p>12 approximation of the required interest carry.</p> <p>13 Q. What are the input variables to the model? We've</p> <p>14 already established number of EDUs, I take it?</p> <p>15 A. Number of EDUs. Cost per EDU.</p> <p>16 Q. Is that an input that varies or do you have a set</p> <p>17 estimation of water, wastewater, and reclaimed water per</p> <p>18 home?</p> <p>19 A. I have a set estimation.</p> <p>20 Q. And do you know what that is, as you sit here?</p> <p>21 A. Approximately \$10,000.</p> <p>22 Q. And then go on. Absorption rate?</p> <p>23 A. Well, first entitlement period, then construction</p> <p>24 schedule, then absorption rate, to build out.</p> <p>25 Q. And what about the amount of interest, the rate,</p>	<p style="text-align: right;">Page 81</p> <p>1 MR. SABO: You can send us a data request.</p> <p>2 MR. HIRSCH: Okay.</p> <p>3 BY MR. HIRSCH:</p> <p>4 Q. Now, stepping away from that component, are there</p> <p>5 other aspects of the ICFA agreements that you've had a role</p> <p>6 in amending, modifying, or improving since the early days of</p> <p>7 the agreements?</p> <p>8 A. Could you repeat the question, please?</p> <p>9 Q. Are there any other aspects of the ICFA agreements</p> <p>10 that come to mind that have been improved or modified in any</p> <p>11 significant way since Global Water went into business?</p> <p>12 A. When you say any other way, what would be the</p> <p>13 first way that I improved them?</p> <p>14 Q. Well, maybe it's easier to take Exhibit 3 and</p> <p>15 compare it to Exhibit 4, and jumping ahead I'll give you the</p> <p>16 third and last ICFA that we've marked, which is the</p> <p>17 construction agreement, which is right up to the end of</p> <p>18 2006.</p> <p>19 I'm just trying to have you give me a sense of</p> <p>20 whether comparing these documents allow you to summarize for</p> <p>21 us any baseline modifications that have been developed to</p> <p>22 the agreement over that time span, which is about three</p> <p>23 years by these documents.</p> <p>24 MR. SABO: Steve, could you hand out the other</p> <p>25 copies of that?</p>

<p style="text-align: right;">Page 82</p> <p>1 MR. HIRSCH: I'm sorry. I know you're aching to</p> <p>2 see it.</p> <p>3 MR. DeWULF: I'm aching. I'm not sure it's to see</p> <p>4 it.</p> <p>5 BY MR. HIRSCH:</p> <p>6 <b>Q. For one thing, we can see that they've gone from,</b></p> <p>7 <b>as typically happens, from an eighth of an inch to about a</b></p> <p>8 <b>half inch thick. Not that that necessarily certifies</b></p> <p>9 <b>anything. There's a lot of attachments to Exhibit 5.</b></p> <p>10 A. Well, the attachments are standard ICFA</p> <p>11 agreements.</p> <p>12 The improvement primarily focused on harmonizing</p> <p>13 the regional planning effort and the ease of permitting</p> <p>14 large areas.</p> <p>15 That's the difference between -- that's one</p> <p>16 difference between the third and fourth renditions.</p> <p>17 The fifth one --</p> <p>18 <b>Q. When you say that, you mean Exhibit 3 and</b></p> <p>19 <b>Exhibit 4?</b></p> <p>20 A. Correct.</p> <p>21 <b>Q. Thank you.</b></p> <p>22 <b>Go ahead with Exhibit 5.</b></p> <p>23 A. Exhibit 5 demonstrates the usefulness of ICFAs as</p> <p>24 it pertains to acquisitions.</p> <p>25 <b>Q. Of new water companies and territories?</b></p>	<p style="text-align: right;">Page 84</p> <p>1 <b>borrow or collect from your investors; correct?</b></p> <p>2 A. No.</p> <p>3 <b>Q. What's wrong with my statement?</b></p> <p>4 A. The decision to buy a utility is not solely based</p> <p>5 on the development of investors or ICFAs.</p> <p>6 <b>Q. I understand that, but isn't it true that if you</b></p> <p>7 <b>are able to finance the acquisition through fees paid in by</b></p> <p>8 <b>developers through other ICFAs that you don't have to get</b></p> <p>9 <b>the money from other sources?</b></p> <p>10 MR. DeWULF: Object to form.</p> <p>11 BY MR. HIRSCH:</p> <p>12 <b>Q. Let me say you don't have to get the money from</b></p> <p>13 <b>either borrowing it or going back to the investors for more</b></p> <p>14 <b>capital. Would you agree with that?</b></p> <p>15 MR. DeWULF: Object to form.</p> <p>16 THE WITNESS: No.</p> <p>17 BY MR. HIRSCH:</p> <p>18 <b>Q. Again, what's wrong with my statement or my logic?</b></p> <p>19 MR. DeWULF: Object to the form.</p> <p>20 Go ahead, if you can break down his question.</p> <p>21 THE WITNESS: In some cases we still have to raise</p> <p>22 all of the money on day one to buy the utility from</p> <p>23 investors.</p> <p>24 BY MR. HIRSCH:</p> <p>25 <b>Q. But those are instances where you're not using the</b></p>
<p style="text-align: right;">Page 83</p> <p>1 A. Yes.</p> <p>2 <b>Q. And that is part and parcel of the business plan</b></p> <p>3 <b>of Global Water, is it not?</b></p> <p>4 MR. DeWULF: Object to form.</p> <p>5 BY MR. HIRSCH:</p> <p>6 <b>Q. Let me try to refine that.</b></p> <p>7 <b>Using ICFA fees to acquire other water companies</b></p> <p>8 <b>or certificated areas is consistent with Global Water's</b></p> <p>9 <b>business plan, is it not?</b></p> <p>10 A. Yes, it is.</p> <p>11 <b>Q. And in such circumstances the acquisitions can</b></p> <p>12 <b>occur without additional infusion of capital by the</b></p> <p>13 <b>investors but rather by fees paid by utility customers;</b></p> <p>14 <b>correct?</b></p> <p>15 MR. DeWULF: Object to form.</p> <p>16 THE WITNESS: I don't understand the question.</p> <p>17 BY MR. HIRSCH:</p> <p>18 <b>Q. The use of ICFA moneys for acquisition is in lieu</b></p> <p>19 <b>of the need to have additional capital infused by investors</b></p> <p>20 <b>in Global Water, is it not?</b></p> <p>21 MR. DeWULF: Object to form.</p> <p>22 THE WITNESS: Could you rephrase?</p> <p>23 BY MR. HIRSCH:</p> <p>24 <b>Q. For every dollar you can raise through ICFA fees</b></p> <p>25 <b>from developers, that is one dollar less than you have to</b></p>	<p style="text-align: right;">Page 85</p> <p>1 <b>ICFA fees to fund the purchase; correct?</b></p> <p>2 A. Well, since ICFA funds are future oriented and</p> <p>3 acquisitions are present oriented, then I don't understand</p> <p>4 the question.</p> <p>5 <b>Q. Let me ask it this way.</b></p> <p>6 <b>Hasn't Global Water used ICFA fees paid by one</b></p> <p>7 <b>developer to fund the acquisition of water companies in</b></p> <p>8 <b>other areas unrelated to the first developer?</b></p> <p>9 MR. DeWULF: Object to form.</p> <p>10 THE WITNESS: Can you rephrase?</p> <p>11 BY MR. HIRSCH:</p> <p>12 <b>Q. Is it true or not true, and I don't know the</b></p> <p>13 <b>answer so you need to tell me, that the ICFA revenues come</b></p> <p>14 <b>in and are used for acquisitions of water companies in areas</b></p> <p>15 <b>that are different from the area for which they were</b></p> <p>16 <b>collected?</b></p> <p>17 A. Well, we don't earmark every dollar of revenue</p> <p>18 from every different source, so revenue comes into Global</p> <p>19 Water Resources, pay tax on it, it becomes retained</p> <p>20 earnings, which is equity.</p> <p>21 We're also involved in acquiring utilities with</p> <p>22 equity.</p> <p>23 <b>Q. So is it your testimony that it's not traceable</b></p> <p>24 <b>dollar for dollar for that reason?</b></p> <p>25 MR. DeWULF: Object to form.</p>

Page 86

1 BY MR. HIRSCH:

2 **Q. Let me restate that. I wasn't trying to imply**  
3 **something sinister.**

4 **I'm sure it's all traceable to accounting**  
5 **exactness.**

6 **But the funds that come into Global are also funds**  
7 **that may be used to further its acquisition activities;**  
8 **correct?**

9 **MR. DeWULF: Object to form.**

10 **THE WITNESS: Could you be more specific?**

11 BY MR. HIRSCH:

12 **Q. You said revenue comes in from many different**  
13 **sources; correct?**

14 **Would you agree with that?**

15 A. I would.

16 **Q. You pay tax on it. That's appropriate.**

17 **You have retained earnings, which is equity;**  
18 **correct?**

19 A. Correct.

20 **Q. And then from that same pool of funds those funds**  
21 **are available to Global Water to finance or fund its**  
22 **acquisition of new water companies or new territories;**  
23 **correct?**

24 **MR. DeWULF: Object to form.**  
25

Page 87

1 BY MR. HIRSCH:

2 **Q. It is available to Global Water to finance the**  
3 **acquisition of water companies; would you agree with that?**

4 A. I would say that Global Water acquires utilities  
5 with equity.

6 **Q. And equity comes in from many different sources,**  
7 **including ICFA fees collected; correct?**

8 **MR. DeWULF: Read that back, please.**

9 **(Pending question read.)**

10 **MR. DeWULF: Object to form.**

11 **THE WITNESS: I would not say that revenue is**  
12 **equity.**

13 So no.

14 BY MR. HIRSCH:

15 **Q. But isn't it consistent with your prior answer**  
16 **that ICFA funds received by the company eventually find**  
17 **their way into retained earnings and are available to assist**  
18 **in the acquisition of water companies?**

19 **MR. DeWULF: Object to form.**

20 **THE WITNESS: I would say that after tax ICFA**  
21 **revenue may be one source of cash among many for the**  
22 **acquisition of utilities.**

23 BY MR. HIRSCH:

24 **Q. And what are the other sources of cash?**

25 A. Other retained earnings. Cash from investors.

Page 88

1 **Q. Those would be the other principal categories of**  
2 **sources of cash for acquisition?**

3 A. Yes.

4 **MR. HIRSCH: Let's take our last break.**

5 **I think I'm about done or done, and I just want to**  
6 **ask a few questions of my colleagues and we'll be done.**

7 **(Brief recess taken.)**

8 BY MR. HIRSCH:

9 **Q. Mr. Hill, I appreciate your patience. We have one**  
10 **more area. It may be very short.**

11 **It has to do with Global Water Management and what**  
12 **I understood your answer to be that it is purely a cost pass**  
13 **through entity and does not mark up or derive any profit**  
14 **from the management services it is providing to the**  
15 **operating entities. Is that correct?**

16 A. Yes.

17 **Q. Does Global Water Management, L.L.C., conduct any**  
18 **operations under which it makes a profit?**

19 A. No.

20 **Q. Does it conduct any operations other than what are**  
21 **described in Exhibit 2 that you've elaborated on in this**  
22 **depo concerning the management and related services to the**  
23 **operating entities?**

24 A. Yes.

25 **Q. What are those additional services or operations**

Page 89

1 **it conducts?**

2 A. Until very recently, we provided contract billing  
3 services to the Town of Cave Creek for wastewater, and I  
4 believe we do the same for the City of Buckeye for their  
5 wastewater infrastructure, which we don't own.

6 **Q. When you say until recently for Cave Creek, did**  
7 **that operation go away with the settlement of the**  
8 **condemnation case?**

9 A. Yes, it did.

10 **Q. And for Buckeye, does that operation, those**  
11 **services, continue for the Buckeye wastewater services that**  
12 **Global Water doesn't control?**

13 A. Yes.

14 **Q. And is that also at a pure pass through with no**  
15 **profit basis?**

16 A. Yes.

17 **Q. And are those services provided under a**  
18 **contractual agreement with the Town of Buckeye?**

19 A. I don't know.

20 **MR. HIRSCH: Mr. Hill, I think that's all I have.**

21 **As any of your attorneys may have explained to**  
22 **you, Mr. DeWulf in particular, you'll have the opportunity**  
23 **to read and sign the booklet that the reporter will prepare**  
24 **and correct any mistranscriptions or other things you wish**  
25 **to correct, and then Mr. DeWulf is shaking his head that you**



Page 90

1 wish to avail yourself of that.  
2 MR. DeWULF: We will read and sign.  
3 Thanks, Marty.  
4 (Whereupon, the deposition concluded at  
5 5:20 p.m.)  
6  
7

8 \_\_\_\_\_  
9 TREVOR HILL  
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Page 91

1 STATE OF ARIZONA )  
2 ) ss.  
3 COUNTY OF MARICOPA )  
4 BE IT KNOWN that the foregoing deposition was  
5 taken before me, Marty Herder, a Certified Court Reporter,  
6 CCR No. 50162, State of Arizona; that the witness before  
7 testifying was duly sworn by me to testify to the whole  
8 truth; that the questions propounded to the witness and the  
9 answers of the witness thereto were reduced to typewriting  
10 under my direction; that the witness elected to read and  
11 sign the deposition transcript; that the foregoing 90 pages  
12 constitute a true and accurate transcript of all proceedings  
13 had upon the taking of said deposition, all done to the best  
14 of my skill and ability.  
15 I FURTHER CERTIFY that I am in no way related to  
16 any of the parties hereto, nor am I in any way interested in  
17 the outcome hereof.  
18 DATED at Chandler, Arizona, this 5th day of July,  
19 2007.  
20  
21

22 \_\_\_\_\_  
23 C. Martin Herder, CCR  
24 Certified Court Reporter  
25 Certificate No. 50162

**E**

BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY, an Arizona )  
corporation, )

Complainant, )

-vs-

) DOCKET NOS.

) W-01445A-06-0200

GLOBAL WATER RESOURCES, LLC, a ) SW-20445A-06-0200

foreign limited liability company;) W-20446A-06-0200

GLOBAL WATER RESOURCES, INC., a ) W-03576A-06-0200

Delaware corporation; GLOBAL WATER) SW-03575A-06-0200

MANAGEMENT, LLC, a foreign limited)

liability company; SANTA CRUZ )

WATER COMPANY, LLC, an Arizona )

limited liability corporation; )

PALO VERDE UTILITIES COMPANY, LLC,) )

an Arizona limited liability )

corporation; GLOBAL WATER-SANTA )

CRUZ WATER COMPANY, an Arizona )

corporation; GLOBAL WATER-PALO )

VERDE UTILITIES COMPANY, an )

Arizona corporation; JOHN AND JANE)

DOES 1-20; ABC ENTITIES I-XX, )

) Respondents. )

Phoenix, Arizona

June 26, 2007

1:40 p.m.

✓ 33 FORM OBJECTIONS

DEPOSITION OF CYNTHIA LILES  
(Condensed Transcript with Word Index)

✓ SECTIONS WHERE INSTRUCTIONS  
GIVEN NOT TO ANSWER ARE HIGHLIGHTED

AZ LITIGATION SUPPORT  
3788 East Libre Place  
Suite 10  
Chandler, Arizona 85249  
Telephone: (480) 481-0649  
Fax: (480) 481-0663

Prepared for:  
Mr. Steven A. Hirsch  
Attorney at Law

(COPY)

Prepared by:  
Karen M. Niemtschk, CCR  
Certificate No. 50447

DEPOSITION OF CYNTHIA LILES

2

The deposition of Cynthia Liles was taken pursuant to Notice before Karen M. Niemtschk, Certified Court Reporter No. 50447 in the State of Arizona, on June 26, 2007, commencing at 1:30 p.m., at the law offices of Bryan Cave, Two North Central Avenue, Suite 2200, Phoenix Arizona.

APPEARANCES

FOR ARIZONA WATER COMPANY:

BY: Mr. Robert W. Geake,  
P.O. Box 29006  
Phoenix, Arizona 85004

FOR THE COMPLAINANT:

BRYAN CAVE LLP  
BY: Mr. Steven A. Hirsch  
Two North Central Avenue  
Suite 2200  
Phoenix, Arizona 85004

FOR THE RESPONDENTS:

ROSKA DEWULF & PATTEN, PLC  
BY: Mr. John E. Dewulf  
Mr. Timothy J. Sabo  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85002

CYNTHIA LILES,

called as a witness herein, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. HIRSCH:

Q. Would you state your whole name for the record, please?

A. Cynthia Miller Liles, L-I-L-E-S.

Q. Would you give us your residence and business addresses.

A. My residence is 7646 East Soaring Eagle Way, Scottsdale, Arizona 85262. And my business address is 21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85026.

Q. Have you had occasion to have your deposition taken before?

A. I have.

Q. Approximately how many times?

A. Just one.

Q. What was that generally in relation to?

A. A vendor was in a lawsuit and used us a deposition as a customer.

Q. And was that during your time with Global or with one of your previous employers?

A. With Global.

Q. And who was that vendor?

A. Mountain State Pipes and Supply I believe is the name.

Q. All right. You have a general idea of what is happening today and I'm sure you have had a chance to visit with your counsel, but let me go over a few of the rules of the road, at least the way I would like things to proceed today.

First, I will try to make my questions clear but sometimes I fail. So will you please stop me and ask me to restate the question if you don't understand what I'm asking you?

A. Yes.

Q. And, in turn, if you answer a question I've asked, may I assume you understood what I was asking you?

A. Yes.

Q. You have done a good job so far but since the reporter can't take down a nod of the head or some nonverbal response, please keep your responses as you have been in a verbal format. Okay?

A. Yes.

Q. We are in an office setting here as opposed to being in a hearing room or a courtroom or something but you understand that you have been placed under oath and

your answers are being transcribed by the reporter here?

A. Yes.

Q. And that your answers, since you're under oath, are subject to the penalties of perjury?

A. Yes.

Q. Is there any reason, Ms. Liles, that you're unable to answer my questions truthfully today, illness or medication or anything like that?

A. No.

Q. Okay. Thank you. What is your current position with the -- I'll just say generically, Global Water?

A. Senior vice-president for growth services and chief financial officer.

Q. And let me ask if we can to turn to Exhibit Number 1. Have you got a copy of that? It's the 30(b)(6) and it's probably because I didn't pass it around last time. You have been designated by the Global Respondent entities as being a person knowledgeable to testify on certain of the categories in this list; is that correct?

A. Yes.

Q. Can you tell us how -- we've already deposed Mr. Hill, as you know, I'm sure. How was it determined that you were the person most knowledgeable to testify as to the paragraphs that were listed for you?

MR. DEWULF: Object to form. Instruct you not to

6  
reveal whatever communications you may have had with counsel, but to the extent that you independently have knowledge as to how it was arrived at, you may go ahead and testify.

A. I do not know exactly how I was determined to be the one.

Q. Were you -- I want to get a refinement given Mr. DeWulf's objection. I'm not trying to pry into attorney-client privilege advice or communications, but did you receive a copy of Exhibit 1 and look through it and form any conclusions about which ones might be in your category to testify about at any point?

A. No.

Q. Were you informed that you would be designated as a witness to talk about certain paragraphs at some point?

A. Yes.

Q. Was that by your counsel?

A. Yes.

Q. Have you before today looked at the categories that are in Exhibit 1?

A. Yes.

Q. What were the circumstances of doing so, when and who was there?

A. Can you be more specific?

Q. I guess we will take them one at a time. That's

7  
fair. When did you first see this document, Exhibit 1?

A. I'm guessing a couple weeks ago.

Q. Once you were given the -- well, strike that.

I'm gathering from your prior answer that you were given some information as to which of these paragraphs you might be asked to testify to; is that fair enough?

A. When I received information it was -- they were designated which questions fell in my realm of knowledge.

Q. And then -- and that's about the time you were given the document to look at?

A. Yes.

Q. And what did you do to prepare to address questions we might be asking on those categories?

A. I briefly reread testimony that had been filed and that's it.

Q. And when you say reread testimony, that's the prefiled testimony Q and A's that Global put together and filed in the certificate proceedings at the Arizona Corporation Commission?

A. Yes.

Q. Let's zero in on some of the topics here, and for ease of orientation, I will take them one at a time. The first paragraph as set forth in the exhibit, and I'll just paraphrase, talks about the property owners that have been

8  
contacted regarding entering into ICFA's. Can you start by generally describing your role for Global, and I'll use as we did in the first deposition, if I may, Mr. DeWulf, to mean all the Global entities unless I intend to be specific. Is that fair enough?

MR. DEWULF: That's fine.

Q. Take my question that way, Ms. Liles, if you would. Can you just generally describe your role in your position as senior vice-president regarding the handling or processing of ICFA agreements?

A. That's a broad question. Can you be more specific.

Q. Well, I'm trying not to put words in your mouth by asking leading questions. I thought we would start with just a general overview. Are you high on the administrative chain that reviews them after they have been negotiated and executed, or are you part of the initial contact process with the developers or owners that sign them, or all of the above?

A. I'm involved at all levels.

Q. Can you maybe list for us the typical involvement steps you have regarding ICFA's?

A. Yes. The first step is normally a developer is contacting us for service. That developer is a builder or a broker.

9  
Next step would be generally to look at the area to see if it's near our service area. If so, we then physically meet with the developer to find out what their needs are. Their needs would be when do they want service, when do they plan to develop, their platting and zoning schedules.

Q. And then the next step?

A. The next step is we would then meet internally, so without the developer present. We would meet internally as a company with engineering to decide how we could serve, what would be our demand service, what is the capacity in our system, where is our nearest connection, and we would figure out internally how we could serve that development.

We would then meet with the developer again to discuss how his development could be served. There is usually two options a developer has for service, one is a line extension agreement or a main extension agreement, and that is always offered to the developer. And then another opportunity that we offer is a financing mechanism which is the ICFA that you're asking me about.

Q. All right. I will have questions about some of these subparts so let's go ahead and finish the steps so we're clear on that. What's the next step in the process then?

10 A. The next step is the developer deciding which direction to go, whether they want a LXA, or line extension agreement, or if they're more interested in the financing agreement.

Q. Let's assume for purposes of my questions that the ICFA option has been elected. What's the next step?

A. The developers that, for the purpose of this discussion are always developers who are not in a current service area of ours and we would need to expand the service area to include them, and we would present to them, if they choose the ICFA way, we present to them a price that is the same price given to each developer within that specific CC&N expansion. So that each developer is on the same level with each other for that expansion.

If we come to terms where they're satisfied with that particular agreement, then the agreements are signed and executed. The CC&N expansion is prepared and the ICFA agreements are record against the land.

Q. Does that pretty well summarize the steps in the ICFA procedure?

A. In general, yes.

Q. Let me go back kind of chronologically in the steps and ask a few follow-up questions. That's very helpful. And I'm aware of your prefilled testimony that

11 the Global entities have not actively, and I'm paraphrasing, but not actively marketed the ICFA mechanism or itself as a utility provider at least directly to developers.

Is it your testimony that the developers who have contacted Global and eventually negotiated and executed an ICFA agreement came to Global of their own volition?

MR. DEWULF: Could you read that back, please.

(Previous question was read.)

MR. DEWULF: Object to form.

A. In my testimony I disclosed for the last expansion for the southeast expansion that Arizona Water Company has a dispute, that particular application, roughly 97 percent of the developers who signed the ICFAs were developers I had dealt with before or brokers I dealt with before in our other areas.

Q. You used a term there that will be helpful as shorthand. When you say, southeast expansion, is that the expansion that's at issue in the certificate proceeding, generally, that Global is seeking to expand?

A. Yes.

Q. I'll use that same lingo just for purposes of short cutting. When you say 97 percent of developers you had had a preexisting business relationship with in some way, was that while at Global or as part of your prior

12 employment as well?

A. Both.

Q. Are there any activity what you would consider to be marketing or promotional steps that Global has taken to promote or tout it's utility service and financing packages --

MR. DEWULF: Object to form.

Q. -- to developers?

A. There are none.

Q. And I didn't mean to connote anything pejorative about -- I would ask the same question as it relates to service of any sorts that Global is providing. Is it your testimony that there are no such promotional efforts that Global has initiated?

MR. DEWULF: Object to form.

A. The only promotional efforts we make are not to glorify Global or its financial services at all. The promotional materials that we've produced relate to conservation, the use of reclaimed water, trying to educate customers and the public more about using towards to the reclaimed water in the future as a measure of conservation.

Q. And I believe examples of some of that literature were submitted as part of the prefilled testimony, isn't that right, if you know?

13 A. I believe so but I'm not sure.

Q. Has Global, to your knowledge, ever sent out letters or correspondence or brochures or similar writings to potential utilities customers or developers promoting it's services?

A. Not that I know of.

Q. What has your experience been in terms of developers contacting Global? Do they tend to call you individually, or are they calling the front receptionist and directed to you, or how does that work to your knowledge?

A. The large developers contact me directly from having a relationship, a past business relationship with me. Sometimes a small developer or small landowner may call into the office directly and ask about service.

Q. To your knowledge, have there been any efforts made by Global when you have potential customers who approach you who are not contiguous to contact a property owner that's located in between two potential customers in order to fill in the certificate area that is being requested?

MR. DEWULF: Object to form.

A. Can repeat that?

Q. I'm just trying to determine if there has ever been a circumstance where you may have two overtures by o

14  
expressions of interest in your services by two landowners who are not contiguous, and I'm asking if there has ever been a company desire to file in the lack of the contiguity and identify who, in my hypothetical, who the owner might be in between the two and to approach them about, hey, can we square off this service area?

MR. DEWULF: Object to form.

A. There is an interest to have property be contiguous.

Q. Just because of the efficiency in providing utility service?

A. Yes.

Q. To your knowledge, has that turned into efforts by Global to identify the property owners who may control the property in an area that might be a gap between two customers to determine if they might join in a CC&N application proceeding?

A. Not that I'm aware of.

MR. DEWULF: I just want to talk to my client for a moment.

(Attorney-client conference ensued.)

Q. Do you have any amendments or changes to your answers following your conference with counsel?

A. No.

Q. Thank you. Are there any other efforts that you

15  
are aware of that Global has undertaken to contact or pursue in any way property owners who are in a gap area between two people who have requested service to make a formal request to service -- for service to Global?

A. Can you make the question more concise?

Q. I will try to. I think you established you're unaware of any circumstance where anyone has tried to identify a property owner and target them and join an application, so I just intend to conclude this by asking more generally, are you aware of any efforts by Global to solicit or promote the addition of a property that may be between two requesting property owners to join a CC&N application or otherwise request service from Global?

MR. DEWULF: Object to form.

A. None that I know of.

Q. For example, does it come up in discussions with the developers who have already contacted you that it would strengthen our CC&N application if you approached Property Owner X next door to you about seeing if he wanted to request service from Global as well? Has that ever come up in discussions that you recall?

A. Not at all.

Q. Okay. Have you ever encountered potential customers, whether developers or owners or brokers, let's limit it to the southeast expansion area, that are also

16  
contemplating requesting service from Arizona Water Company?

A. Never.

Q. In all your discussions with such folks it has never been mentioned about whether they're considering Arizona Water Company as a service provider?

A. No.

Q. One of the steps you mentioned after the initial meeting was to meet internally without the developer to generally determine what might be a plan of service for that developer. Do you remember that general step?

A. Yes.

Q. At that stage is it your testimony that the mechanisms of line extension agreements as well as the financing mechanisms of ICFA's are always being considered?

MR. DEWULF: Could you read that back, please? (Previous question was read.)

MR. DEWULF: Object to form.

A. When we meet to discuss how to serve the development, we always consider all -- each way that a developer can get service, whether it's by an LXA or ICFA.

Q. So I'm gathering that part of the internal discussion isn't whether one or the other financial mechanisms is appropriate but instead it's always assumed

17  
that both will be offered; is that accurate?

A. Yes.

Q. Just a few questions on Global's line extension agreements. Is there a standard form that's offered in terms of the years out in terms of repayment, or is that something that's suited to the particular purposes of the individual development?

MR. DEWULF: Could you read that back, please? (Previous question was read.)

A. Each of the regulated utilities have line extension agreements. Each read the same from developer to developer. There are no differences in any way that I know of.

Q. Is it possible for you to affix for us a percentage of, in all of Global's operations in the state, of developers who, or property owners or any customers, who have elected the LXA versus the ICFA financing mechanism?

A. I don't know the exact percentage. The percentage would be very low for the numbers who opted for an LXA versus an ICFA.

Q. Single digits would you, say as a percentage?

A. I'm guessing the answer, yes.

MR. DEWULF: Don't guess.

A. Okay. I don't know.

18  
Q. Well, you have been promoted as the person with the most knowledge of this, and believe me I'm not going to hold you to it. I don't know that we have any way to cross check you what the percentage is, but would you agree it's something over 90 percent have elected the ICFA procedure as opposed to the LXA procedure?

MR. DEWULF: Object to form. You can testify to what you know but I don't want you to guess.

A. I don't know a percent.

Q. Okay. Can you tell us whether it's more than 50-50?

MR. DEWULF: Same objection.

A. I can answer that more than 50 percent have elected the ICFA as a financing mechanism.

Q. Is there anyone more knowledgeable than you at Global who would be able to give us a general idea, not held to exactness, of the percentage split between those two mechanisms?

A. No.

Q. Have developers expressed to you reasons for electing the ICFA mechanism as opposed to the LXA mechanism?

A. Yes.

Q. And what -- can you give us some examples, I don't need you to attribute who said what when, but some

19  
examples of the reasoning you've heard as to why the ICFA financing mechanism has been chosen?

A. One of the reasons developers prefer the ICFA agreement is that the payment that they make is deferred, the majority of the payment they make is deferred to closer to the time of final plat rather than paying up front for infrastructure.

Q. Any other reasons that have been expressed to you?

A. It's been expressed to me that they like the idea that an ICFA agreement takes care of their utilities solution for them. They like the idea that they do not have to get knowledgeable on utilities for water and wastewater and reclaimed water, that that solution is being taken care of.

Q. In your experience has there been a particular type or category of developer or property owner that's been more prone to elect the LXA option versus the ICFA option?

MR. DEWULF: Object to form.

A. Can you state it again for me?

Q. I'm just wondering in your experience if any pattern has emerged as to developers who are more likely to go with LXAs versus ICFAs?

A. Not that I know of.

20  
Q. Are you aware of any other utilities operating in Arizona that offers ICFAs or ICFA-type agreements to potential customers?

A. I'm not familiar with what other utilities are doing.

Q. Does Global ever engage in negotiations over the terms of the line extension agreement, or does it just pretty well offer the form agreement that you referred to earlier?

A. All of the line extension agreements have the same terms. They're not negotiated. They have been approved by the Arizona Corporation Commission and we don't let them vary from developer to developer.

Q. I want to move on now to the step you generally described concerning setting the pricing for ICFAs to be the same for developers within a particular expanded service area. Do you generally remember that?

A. Yes.

Q. Is there a kind of set parameter as to where you consider to be an expanded service area that would have the same price, in other words, number of acres or sections or something, or is it more a determination that's made by the company when the requests for service are in?

MR. DEWULF: Object to form.

21  
A. Can you phrase it differently?

Q. I'm just trying to determine what the decision point is to determine what a zone or service area would be that would get the same pricing for each developer as you described?

A. The ICFA is designed as a carrying cost for the infrastructure to serve a development. That infrastructure, part of it already could be constructed, part of it may need to be constructed in the future or is currently under construction.

Q. I'm trying to get to how big of an area would get the same pricing? Is that a factor of how many developers are there, the status of development as you just described, or a geographic area or what?

MR. DEWULF: Object to form.

A. There are several factors that we use in determining price. One factor is trying to organize our CC&N filings where we come into the commission in an organized fashion. We may go -- let me back up on that.

Basically if I've got an expansion that's pending for that same area, we don't go into the Commission at that point in time to expand yet another one in that same area. So what generally happens is we accumulate requests for service for the next expansion application. Within that expansion application the only time you would have a



different price would be a mitigating factor where the costs would be higher to compensate for the location of that particular development.

Q. Is it possible for that reason that there might be applications for expansion that would include landowners with ICFA's that have different pricing?

A. Can you say that again?

Q. Just trying to determine if it's possible that Global's applications for expansion of its certificated area might contain -- might be made up of landowners with ICFA's with different pricing?

A. I've known that to happen one time. We have an application pending today with the Commission where various landowners have been waiting for service and we put them all in the same application and it's before the, I guess, I don't know that it's found sufficiency yet but it's at the Commission now and it includes different pricing because some of it is in the southwest part of our service area, some of it's in the northwest part of the service area and some is in the east. So because of the location, we put all of them in one application to make it organized for the Commission but there are different prices in that particular case.

Q. And so just for ease of reference, where is that located?

A. Where is what located?

Q. What system are we talking about?

A. Santa Cruz and Palo Verde.

Q. So that's the one at issue in this case or another application by Santa Cruz and Palo Verde, and by this case, I mean the certificate dispute with Arizona Water Company?

A. This one is not involved, as far I know, with the dispute with Arizona Water. I just wanted to give you an example of where there is a different price in the same expansion area.

Q. That's what I'm trying to get to. Is it in Maricopa?

A. Yes.

Q. Thank you. As you sit here at least that's the only instance where you can recall where the pricing is different?

A. Yes.

Q. And I'm not going to hold you to that but I'm gathering that generally you try to structure the pricing per EDU on the ICFA's the same for all the developers that are bundled within a particular CC&N applications?

A. The purpose is to not have the ICFA amount be a deciding factor if the properties are close to each other. So the answer is yes, we keep the pricing the same

for the developments that are within a certain area. So we're not the reason for a pricing difference on the land.

Q. Mr. Hill testified generally to a -- because we were talking about different pricing that with time generally showed escalating or increasing mode, as might be expected in today's environment. He testified to a formula loosely that had been developed at Global that input variables could be put into and this would generate a potential ICFA unit price per EDU. Is there something like that that is going on at Global in setting the ICFA rates?

A. I'm not sure of what he testified to.

Q. I understand that. Have you looked at a transcript of his testimony at all?

A. I have not.

Q. So acknowledging that you haven't read or heard his testimony, is there a formula or equation or matrix or some sort of shorthand that you all work on within Global to develop that pricing?

A. There is a lot of analysis that goes into the pricing. We do have -- I would say that we have a model. The model would be one of several factors we would consider.

Q. And what is the model made up of?

A. I don't know off the top of my head.

Q. Is it a computer program that you input variables in that spits out something that gives you a range of numbers, or is it something more or less than that?

MR. DEWULF: Object to form.

A. We do quite a bit of analysis in Excel spreadsheet software.

Q. What are the variables, to the extent that you know, that Global looks at to assist it in reaching a proposed ICFA price?

A. Some of the variables would be the infrastructure that's in place today, the timing of when the infrastructure is needed by the developer, that is some of the variables.

Q. Is there an interest rate that's assumed for purposes of the carrying cost?

A. Not one interest rate, no.

Q. Can you explain what interest rates are considered or input into the formula?

A. The parent of the utilities has various sources of equity that are available. And each of the sources have varying rates. So we don't look at one specific rate. It's at that point in time what our cost of capital is.

Q. And can you summarize the various sources of equity that are available to the parent for such purposes?

26  
MR. DEWULF: I think this is the subject of the discovery dispute in the companion case, so I'm going to instruct you not to answer. And I would like to take a break whenever it's good for you.

Q. That's fine. Let me say, Ms. Liles, this may have been explained to you, because of the matters that are at issue in a pending motion to compel in the parallel certificate case, Mr. DeWulf and I have agreed, rather than lengthy speeches and justifications, we will simply use a comment like he just said as a shorthand. I'm preserving my right to maybe visit with you again in the future depending on rulings about such topics, but I will leave the topics alone so we can move through this, understanding that it's in dispute at the moment.

And with that, let's go ahead and take our first break. Thank you.

(Recess ensued at 2:33 p.m. until 2:55 p.m.)

Q. BY MR. HIRSCH: One of the steps you spoke about is the ICFA being recorded. Do you remember that generally?

A. Yes.

Q. Is there any discretion as to whether or not an agreement is going to be recorded, or is the general plan that every such agreement be recorded?

A. The general plan is every such agreement should

be recorded.

Q. Are there circumstances in which Global has entered ICFA's that are unrecorded?

A. The only ones that I'm aware of are the ICFA agreements that were executed within the 16 sections, I think it's known as Arizona Water Stanfield area.

Q. Are those generally in the sections that are certificated to Arizona Water Company that is called its Stanfield operation area?

A. Yes. I believe so.

Q. I don't have a map here but it's generally a square that is nearly in the middle of the contested CC&N applications between Arizona Water and Global?

MR. DEWULF: Object to form.

A. What I remember is it's four sections by four sections. It is a square. And it's within our southeast area.

Q. Now why haven't those ICFA's been recorded?

A. When the developer approached us for service we did not realize that Arizona Water had that particular service area. So we negotiated the ICFA, and I believe it wasn't until we filed our CC&N application that we realized that Arizona had the water for those 16 sections so we have not recorded those ICFA's.

Q. And do the ICFA's in the Stanfield area cover all

28  
of the 16 sections or just a portion thereof?

MR. DEWULF: Object to form.

A. Our CC&N expansion for wastewater that's over the 16 sections is not all 16 sections.

Q. Maybe that's the shortcut to the answer I'm seeking. Is the wastewater portion of the application by Palo Verde coterminous with the signed but unrecorded ICFA's?

A. Yes, I believe so.

Q. Now are those ICFA's addressing both water and wastewater service?

MR. DEWULF: You are talking about the ones that were not recorded?

MR. HIRSCH: Yes.

A. All ICFA's cover water, wastewater, and reclaimed water services.

Q. So the answer is yes as to the signed ICFA's in the Stanfield area?

A. Yes.

Q. And just to be clear, are each of those fully executed by all parties but just unrecorded at this date?

A. I believe so.

Q. To your knowledge, it didn't come to anyone's attention at Global that customers who held land in another water provider's CC&N had instead come to Global

29  
for such service request?

MR. DEWULF: Object to form.

A. Can you rephrase?

Q. It's not until the application phase when it may have been caught by staff at the Corporation Commission that Global realized that it had entered ICFA agreements for the provision of water service with customers within Arizona Water Company's certificate?

MR. DEWULF: Would you read that back, please? (Previous question was read.)

MR. DEWULF: Object to form.

A. I'm not exactly sure when we learned that Arizona Water had a certificate in our expansion area. It may have been our own attorneys who let us know that.

Q. After the application was filed or do you remember?

A. I don't remember.

Q. Were there any systems in place as to -- within Global at the time the Stanfield area landowners came to you to request service, to check whether they were already within another provider's certificated area?

MR. DEWULF: Object to form.

A. Can you say it again?

Q. Did Global have any systems in place to cross check whether a customer requesting service was already in

another provider's certificate?

A. Yes

Q. What were those systems?

A. We had a map we believed to be correct to show the certificated areas. The map we had did not show Arizona Water within those 16 sections.

Q. Do you know how the map was prepared or generated?

A. I do not.

Q. Is it your testimony that to your knowledge the developers who came to you never mentioned the provision of water service by Arizona Water Company?

MR. DEWULF: You say you, do you mean her?

Q. I mean you individually.

A. Can you say the question again?

Q. Did you -- I'm taking an earlier answer you gave me that you said never had anyone who had ever approached Global to your knowledge ever mentioned service by Arizona Water Company. Now I'm refining it to that four-by-four section area we've called the Stanfield area. Is it your recollection that none of those developers ever mentioned to you that they were within Arizona Water Company's water certificated area?

A. They never mentioned to me that they were in Arizona Water's area.

Q. Do you know whether they ever mentioned that fact to anyone at Global?

A. I do not know.

Q. Did it strike you as odd that customers were coming to you that were already within another company's certificated area for water service?

MR. DEWULF: Object to form.

A. What did you mean by odd?

Q. Unusual or not frequently encountered.

MR. DEWULF: Object to form.

A. Can you ask it differently?

Q. I don't know that I can. We will just move on and let Mr. Nodes deal with that series of form objections.

Has Global taken any additional steps to address any instance where a customer may come in requesting service while being located within another public service corporation's certificated area?

A. When the situation arose, our attorneys prepared us a map from the Arizona Corporation Commission's system to show us where all the utilities were located.

Q. Has Global taken any other steps to help it avoid such a situation?

A. No.

Q. Are there any other executed but unrecorded ICFAs

you're aware of anywhere in Global's system at present?

MR. DEWULF: Did you say unrecorded?

Q. Yes. Fully executed but unrecorded.

A. I know of at least two.

Q. And where are those located?

A. It's in the Picacho area east of Eloy.

Q. And why have those not been recorded?

A. When we went to record the documents, either the land had changed hands and the landowner that signed the ICFA did not own it at the time of recording, either it changed hands since they signed our ICFA or they gave us the wrong entity to begin with.

Q. So the documents were refused by the recorder?

A. Yes.

Q. Any other instances you can recall of fully executed but unrecorded ICFAs?

A. There could be some.

MR. DEWULF: He asked what you know about.

A. I don't know the specific names but in our southwest area when we've gone to record a few of those we ran into the same situation. I don't know the names specifically.

Q. The same situation that the wrong renter or developer entities may have been given to you?

A. Yes. Or it had changed hands by the time we went

to record.

Q. And can you define for us generally what you mean by the southwest area?

A. West of 347, south of the Ak-Chin reservation.

Q. To the extent, I will address this to your counsel, it hasn't been clear that Arizona Water Company has sought the unrecorded as well as the recorded ICFAs, I will follow up with a specific data request, but we would like to see those, although we believe the request as stated called for both.

Okay. Back to questions here. All right. Let's move to a couple of the exhibits that have already been marked in the proceeding. The Exhibit 2 should be the next one in the stack you have before you there. We went over this with Mr. Hill so I'm not going to dwell on it with you. I'll just ask specifically as to you, does the Exhibit 2 chart accurately show your percentage interest in the Global Water Management and Global Water Resource entities?

A. Yes.

Q. And Mr. Hill did not testify at length and that's part of our discussions about what needs to be resolved with the hearing officer, but he was allowed to testify that to his knowledge you did not spend any cash or cash considerations in exchange for your percentage interest in

34  
Global Water Management or Global Water Resources; is that correct?

A. That is true.

Q. I don't wish to pry into exact numbers but it is relevant to us generally how your compensation is structured. Can you just generally describe, and again, I don't need numbers, is it a salary plus a bonus or just a straight salary or what?

A. Salary plus a bonus.

Q. And to your knowledge, what are the components that go into the bonus?

A. Can you be more specific?

Q. Is it based on, as we lawyers would be familiar with, the number of hours that are billed in a given year, or is it, you know, a general subjective performance, or are there other objective criteria that are looked into?

A. It is based on meeting objectives.

Q. And what are the nature of those objectives?

A. Timely financial reporting, a clean audit from our external auditors, timely filing of tax returns. I have several departments that report to me so their objectives are mine as well.

Q. Any other factors?

A. I'm sure there are others.

Q. Who determines the bonus?

35  
A. Trevor Hill.

Q. Is there any aspect of your bonus that is determined by the growth of Global?

A. No.

Q. Are the number of ICFAs entered into in a particular year?

A. No.

Q. Let's turn to Exhibit 3. And this we identified with Mr. Hill is a series of kind of older, less old, and then newer ICFAs. We're going to go to the older actually called call ICA. Do you see that in Exhibit 3?

A. I do.

Q. Now, before you joined Global you were employed with or by Phoenix Capital Partners, LLC; is that correct?

A. Yes.

Q. And can you tell us how you came about joining Phoenix Capital Partners?

A. Yes. I was working with the developers who started Phoenix Capital Partners.

Q. And who were they?

A. Eldorado Holdings, Inc.

Q. And at the time you were working with them were you in Phoenix?

A. Yes.

Q. What triggered your move from Memphis to Phoenix

36  
in 2001?

A. An opportunity to learn real estate development, what I call curb down real estate development.

Q. And what do you mean by that term?

A. The installation -- the development from a raw piece of dirt, to see it from the beginning from when it's a raw piece of dirt, to be exposed to that kind of development.

Q. And before that your testimony reveals that you were with a concern named Mid America Apartment Communities in Memphis; is that correct?

A. Yes.

Q. I'm trying to learn how you got involved with Eldorado and Phoenix Capital Partners. Did you send a resume out here, or did they approach you, or how did that come about?

A. I was introduced to them by a gentleman in Memphis, Tennessee who invested in real estate out here with them. He introduced me to them.

Q. And was there a particular person or persons at Eldorado that you initially worked with?

A. Mike Ingram and Monty Ordman.

Q. Now at that time were they involved in their development in the Maricopa area?

A. Yes.

37  
Q. What were your initial duties with Phoenix Capital Partners?

A. My initial duties with Phoenix Capital Partners was to learn the utilities industry so I could help the real estate developers understand what their investment included.

Q. And what was Phoenix Utility Management, LLC?

A. It was a sister company formed to manage the utility operations, if I remember correctly.

Q. To help you along, if you look at page 8 of Exhibit 3 you will see what appears to be you signing for Phoenix Capital Partners as vice-president of Phoenix Utility Management, its manager member. Does that track your recollection of Phoenix Utility's role at that time?

A. That is as I remember it.

Q. What is your earliest recollection of the concept of an Infrastructure Coordination Agreement coming to be?

MR. DEWULF: Object to form

A. When I joined Phoenix Capital Partners in the first of like January 2002 they had a financing agreement in place.

Q. When you say a financing agreement in place, they had a form that was within their general policy and practice of using with developers?

A. Yes.

38 Q. I see Mr. Lanski here in the upper left as being likely the person maybe this particular agreement was sent to after recording, but whether or not that's the case, do you remember him having any involvement in the negotiation of Infrastructure Coordination Agreements for Phoenix Capital Partners?

A. No.

Q. Do you know who the -- who had developed the concept or idea of Infrastructure Coordination Agreements such as the one we see on Exhibit 3?

A. I do not.

Q. What was your understanding of what the Infrastructure Coordination Agreement accomplished back when you started with Phoenix Capital Partners?

A. My understanding of the agreements were that the landowners would look to Phoenix Capital Partners to regionally plan for water, wastewater, and reclaimed water. And that Phoenix Capital Partners would work with the utilities to provide the backbone facilities to the development.

Q. When you started with Phoenix Capital Partners had Santa Cruz Water Company and Palo Verde Utilities Company been established yet?

A. Yes.

Q. Had they been established at that point by the

principals of Eldorado?

A. I believe so.

Q. Now Exhibit 3 is entitled Infrastructure Coordination Agreement, and it speaks for itself in terms of discussions with coordination but less so of financing. Was there some point in time where this form of agreement morphed or changed into, you can refer to Exhibit 4, which is about two years later, an Infrastructure Coordination and Financing Agreement?

MR. DEWULF: Object to form.

A. Can you rephrase the question?

Q. Sure. Do you have any insight how an ICA became and ICFA over the course of two years?

A. What I know -- what I believe is after Global purchased the interest in the utilities, this agreement morphed and there is more clarity within the agreement.

Q. And what do you mean by clarity?

A. One item of clarity is the finance agreement.

Q. And how was that clarified?

A. There is a Recital G that's been added to make it more clear as to what the intent of the agreement is in Exhibit 4.

Q. Back shifting again to the Exhibit 3 era, do you believe there was a financing component to the Infrastructure Coordination Agreement that just wasn't

40 incorporated into the title, or was the financing component something that was added to the agreement later when it was clarified?

A. It's my understanding that the Infrastructure Coordination Agreement, Exhibit 3, was a financing document, financing agreement just not included in the name of the agreement.

Q. For the particular Recital G that you referenced?

A. Yes.

Q. Did you have any role in refining or clarifying or changing the Infrastructure Coordination Agreement form during your years with Phoenix Capital Partners?

A. What do you mean by role?

Q. Well, just that, any personal experience in giving advice as to refinements that should be made to the document or changes to it?

A. None that I know of.

Q. Do you remember who the attorneys were for Phoenix Capital Partners during your years you were with them?

A. Fennemore Craig.

Q. And who over there in particular?

A. Jay Shapiro.

Q. And can you describe for us how it came about that you joined Global Water?

41 A. Global Water purchased the membership interest that Phoenix Capital Partners and Phoenix Utility Management had in the regulated utilities. They offered me a position to come to work for them with that acquisition.

Q. Do you know the structure of the acquisition of the two regulated utilities by Global Water?

A. I believe so.

Q. What was that?

A. From my recollection, Global Water Resources purchased 100 percent of the membership interest that Phoenix Capital Partners had in Santa Cruz Water Company and Palo Verde Utility Company and 100 percent of the interest Phoenix Utility Management had in those same utilities.

Q. Did the purchase of those membership interests effect the complete conveyance of the regulated utility entities to Global Water Resources?

A. Yes.

MR. HIRSCH: I think it would be subject to matters, John, that are currently in dispute if I ask this witness to go into the details, the pricing details of that acquisition; is that your understanding?

MR. DEWULF: I'm not sure. Let me talk to Mr. Sabo and see what that is. I think you can explore

those areas, Steve.

MR. HIRSCH: I clearly recall there being objections to the aspects of Global's own acquisition activities after the point in time it acquired Santa Cruz and Palo Verde.

MR. DEWULF: That's not what I understood the --

MR. HIRSCH: Right. It wasn't my question, so I was probably extending that objection to this.

Q. So can you tell us what Global Water Resources paid for those LLC membership interests in the Phoenix Capital and Phoenix Utility Management entities?

A. I can't recollect the exact numbers.

Q. Can you give us an approximation?

A. Roughly 34 million.

Q. What were the terms of the payment of that sum or approximately that sum?

A. A portion was set in escrow for two years. And if I remember right, the balance was paid out at closing.

Q. And what was the escrow intended to cover?

A. There was money set aside in case there was any issues with the construction of the facilities that may have been found after the acquisition that related to prior to the acquisition.

Q. Warranty type issues on what had been built, generally?

A. Yes.

Q. Were you part of the negotiations that led to the purchase price of the membership interests?

A. No.

Q. Do you know whether any part of the purchase consideration reflected the plant that was built in operation or nearing operation?

A. Say the question again.

Q. I'm just trying to learn whether you know whether or not any part of the purchase consideration was ratcheted to physical plant and property?

MR. DEWULF: Object to form.

A. I'm not sure.

Q. Within Global's file there are individual files kept by developer in terms of notes of the negotiations of the ICFA's?

A. There could be some notes.

Q. Within the filing system are they broken out by developer or by geographic section number? I'm trying to get a sense of how your files are organized as it relates to the ICFA's.

A. There is a file for each developer that has an ICFA.

Q. And generally if any notes exist that may have led to or relate to the negotiation of the ICFA or

communications with the developer would it be in that file to your knowledge?

A. It should be.

Q. Can you describe -- some of your prefiled testimony indicated that the ICFA charges, again, I'm paraphrasing, are roughly approximating the carrying costs of the utility plant. Would you agree that that is a general characterization of your testimony?

MR. DEWULF: Read that back, please.

(Previous question was read.)

A. I think so.

Q. How do the fees approximate those carrying costs?

A. I don't understand the question.

Q. How do we get from, if we look at Exhibit 4, and it may be we've talked about it already with a formula or other issues, but Exhibit 4 that we happen to have marked in front of us recites a \$3840 per EDU fee or charge. How does that relate to the carrying cost of the utility plant for, in this case, SDVM 80 Limited Partnership?

A. This is one ICFA of many within an expansion area.

Q. I appreciate that from your prior answers, but how do we get from the EDU number to carrying costs?

A. As I said earlier, we would look at the needs for a certain expansion area and determine what the carrying

costs would be.

Q. Is there anything -- is there any way you can be more specific than that, or is that basically what you just described?

A. Basically what I described.

Q. When you have a grouping of the landowners who have requested service that have led to an ICFA, do you generally calculate the eventual cost of plant build out and then start to break it down per EDU to reach that figure?

MR. DEWULF: Object to form.

A. I've already explained how they are done. I'm not sure how to answer the question.

Q. Let me ask a more specific question. If you have an area that has executed ICFA's for some but not all of the properties within that area, such as there might be some gaps where you don't have an executed ICFA as we we talking about earlier, do you calculate the overall utility cost for all the utilities that might be built out in that area or just in the areas for which you have executed ICFA's?

MR. DEWULF: Object to form.

A. I'm not sure how to answer the question.

Q. Do you account for build-out costs in areas for which you don't have an executed ICFA in reaching the

46  
carrying cost component of an ICFA?

A. Can you read that back?  
(Previous question was read.)

A. No.

Q. I gather from that answer that the intent instead is to project the build out just for areas that are within properties for which there is an executed ICFA?

A. I believe so.

MR. DEWULF: I need to take a break, Steve.

(Recess ensued at 3:47 p.m. until 4:08 p.m.)

Q. BY MR. HIRSCH: I next would like to turn to some questions that Mr. Hill largely deferred to you concerning tracking of monies received under each individual ICFA agreement. So let me just ask generally, does Global maintain an accounting mechanism that individually tracks ICFA funds that come in per developer or landowner or not?

MR. DEWULF: Object to form.

A. Global tracks funds received for each ICFA.

Q. And then does it track where those funds flow within the Global enterprises or entities?

A. Yes.

Q. Is there -- how does it track it? Is there an Excel spreadsheet or another accounting entry that does that?

A. The ICFA money is considered revenue at the

47  
parent.

Q. And that is perhaps an important preposition, at the parent. Do you mean that is considered revenue by the parent or to the parent?

A. The ICFA is with the parent, Global Water Resources. The money that comes in is deposited into Global Water Resources' account and Global Water Resources records it as revenue.

Q. If we look back at Exhibit 2, the flowchart which ought to be before you somewhere. Are returns upstream to the individual owners of the interests of the shares or the management percentage interests of Global Water Resources, are the individual ICFA funds tracked to the extent they would go upstream to any of those owners?

MR. DEWULF: I didn't understand the question. Could you read it back. I'm just going to object to form.

Q. Let me try to restate it. Once the money is tracked into Global Water Resources does it continue to be tracked to the extent it flows upstream to the owners of Global Water Resources?

MR. DEWULF: Object to form.

A. The ICFA money received by Global Water Resources is recorded as revenue at Global Water Resources' level. There are no distributions to the members except to pay taxes that would result from a K-1.

48  
Q. Are you saying there has never been any distribution from Global Water Resources to its members or just of the ICFA funds?

MR. DEWULF: I'm going to instruct you not to answer. I'm not understanding the relevance to this lawsuit and I think it's probably covered by the earlier objections and positions taken in the companion case with issues regarding discovery.

MR. HIRSCH: Just so we're clear so we don't belabor it, Ms. Liles will be instructed not to answer the extent to which ICFA monies may be pooled or aggregated and used in any distribution to the owners of Global Water Resources or Global Water Management?

MR. DEWULF: No. I didn't say that. I don't think that characterizes accurately the record. What I'm saying is that I don't think that the -- that it's a proper line of questioning to talk about how money might be treated at the Global Water Resources level vis-a-vis the members. If you want to ask the relationship between the Global Water Resources, LLC and the developers under the ICFA agreements, you can ask about that.

MR. HIRSCH: Okay. I'm just trying to -- I'm not here to argue the objections. I'm just trying to determine whether or not I'm going to be allowed to ask questions that would track ICFA funds, whether they are

49  
eventually commingled or intermingled or not, up to a return to the investors in Global Water Resources and Global Water Management. I'm hearing you say that part of it is out of bounds?

MR. DEWULF: I think that presupposes facts that haven't been established, but yeah, I think that whole subject area would be out of bounds, the area of what occurs vis-a-vis the members relative to Global Water Resources, LLC.

Q. I understand that and we will comply with our agreement regarding that. We may come back to that later but not today.

I'm going to now shift to how within Global's records the ICFA funds are tracked after they're booked as revenue at the Global Water Resources level. Do they remain defined by the landowner or developer that paid them or do they aggregate into a more common fund at that point?

MR. DEWULF: Object to form.

A. We always know -- we know at all times how much each developer has paid on each ICFA.

Q. Okay. That I appreciate, and I think it's been established. Now let's track what happens to those funds once they're taken in at the Global Water Resources level. Do they continue to be tracked by developer payee

at that point or not?

A. Not specifically.

Q. What are some of the uses -- well, what are the various revenue streams into Global Water Resources other than ICFA payments?

MR. DEWULF: Could you read that back?

(Previous question was read.)

MR. DEWULF: I'm going to object to that. I think that's probably -- again, I don't want to restrict what is proper questioning. I think if we can narrow it to -- I think the ICFA's is certainly and the relationship is certainly something you can explore. I don't know that getting into the finances of the parent is something I'm going to allow her to testify about. But you can talk about the monies that come from the ICFA agreements.

MR. HIRSCH: All right. So I will take that as there would be instructions to the witness not to answer questions about any other revenue streams into Global Water Resources other than the ICFA funds?

MR. DEWULF: You said it better than I did. Thanks.

MR. HIRSCH: Okay. I mean, we will likely be discussing this perhaps on July 9th or elsewhere. It's hard for us to be able to relate, and likely for staff as well, how the ICFA funds play a role in the enterprises of

the parent without knowing the rest of the picture.

MR. DEWULF: Well, I don't know -- I guess you will presumably ask questions that you need to know about that.

MR. HIRSCH: I'm trying to, but I'm understanding that she's going to be instructed not to allow me to even start with the building blocks of what the other revenue streams are.

MR. DEWULF: And that is true, but what I think we have been suggesting is that you can ask questions about the ICFA agreements and those funds and what happens to those funds to the extent that you want to.

Q. Let's make sure I've exhausted my inquiry into that. The ICFA funds come into Global Water Resources and you maintain tracking of who paid what amount by the developers, correct?

A. Yes.

Q. Then the funds are aggregated into general revenues of Global Water Resources and are no longer tracked specifically by the originating developer; is that fair enough?

A. I can always track how much revenue came in by developer.

Q. But if Global Water Resources pays a Culligan man water bill for the water cooler, or that might be a

management component, as we heard from Mr. Hill, you are not tracking that half of that check was paid with ICFA funds that Elliot Homes paid for X, Y, Z property; is that fair enough?

A. That's correct.

Q. Does Global track the use of ICFA funds as they flow from Global Water Resources to the -- to regulated utilities at issue in this case, Santa Cruz and Palo Verde?

A. No.

Q. I take it it's the same answer as my water cooler hypo that it's no longer tracked specifically dollar for dollar at that point? Let me restate it. I think I may sense what your confusion is.

The ICFA funds that may flow down to Santa Cruz or Palo Verde within Global's bookkeeping system are not specifically identified by who the originating developer payee was; is that correct?

MR. DEWULF: Payor?

Q. Payor. Sorry.

A. ICFA monies do not flow into the utilities.

Q. Now let me explore that because I think I have an understanding of what you're saying but the record may be unclear. The ICFA monies clearly flow into the utilities parent, Global Water Resources, correct?

A. Yes.

Q. And it's also true that monies flow from Global Water Resources to fund the operations of the regulated utilities; is that correct?

A. That is correct.

Q. Now when you say ICFA funds do not flow directly to the utilities, that's simply another way of saying the monies come into Global Water Resources; isn't that correct?

A. The actual funds that flow into the regulated utilities from the parent are from a variety of sources of equity.

Q. That's what I'm trying to get to. Including ICFA funds?

A. The ICFA funds are carrying costs at the parent level.

Q. I understand that, but they're meant to reflect a carrying cost of eventual installation of a utility plant, are they not?

A. The funding from the parent to the utility is for the installation of the plant, not for the carrying cost.

Q. Is any of the funding for the installation of the plant derived from ICFA fees?

A. No.

Q. And how is that accounted for?



54  
A. What, what's the question?

Q. Well, how are you so certain with that answer?  
Let me strike that and ask it this way.

Are the ICFA funds segregated in some sort of account when they are received from Global Water Resources so as to keep them separate from funding utility plant costs?

A. Not in a separate bank account.

Q. But as a bookkeeping entry they're kept separate?

A. We track all money paid by developers on ICFAs.

Q. I understand that. And you've told us that a number of times here, but you say it's not kept in a separate bank account but I take it it is kept in a separate accounting account label or number?

A. It's tracked as revenue, so that's how it can be tracked.

Q. If ICFA monies are not used to pay for the construction of the utility plant, what are some sources of operations of Global Water Resources that ICFA funds are used for, if any?

MR. DEWULF: I think that's the same problem we ran into a moment ago in terms of the money at the parent level. It may be -- I don't mean to presume too much, but maybe if you asked the question from the regulated

55  
subsidiary level the other direction maybe you could get the answer you need.

MR. HIRSCH: Well, I'm trying, as we have in the data request, to track the flow of ICFA funds. So I'm trying to define so the record is clear where I'm being allowed to do so and where I'm not. So we have them coming in. We have got it established that they don't go out for utility plant purposes. So I'm asking where they do go out to. Is this an area you will instruct her not to answer?

MR. DEWULF: Can I huddle here for a minute? See if I can help you as best we can without trying --

(Recess ensued from 4:28 p.m. until 4:35 p.m.)

Q. BY MR. HIRSCH: We have been working off the record to try to clarify some of the level of potential discomfort about some of the answers that may relate to the pending disputes or lack of clarity or understanding on my part, and counsel has informed me out in the hallway generally that there is some timing issues as it relates to final plat and the timing, which is the nature of the carrying costs of the receipt of the ICFA funds and then eventually putting them into a plant. So let me try to distill the understandings that I've reached here and some questions and answers on the record here.

I understand that because of the timing involved

56  
between the execution of the ICFA as you've described it and the eventual acceptance of a final plat, that Global does not account for each dollar of ICFA from a particular developer in a particular site through its accounting to go into an eventual utility plant at that site; is that accurate?

A. Can you rephrase it?

Q. I will try but I don't know that I can. ICFA funds will come into Global and the dollar that Developer A pays will not necessarily go eventually to pay for a utility plant that is installed, what might be years later, in Developer A's housing subdivision; is that accurate?

A. That is true.

Q. I understand that, and that seems to track the answers you've given and the testimony that's been submitted in the certificate proceeding. So I have no problem with understanding any of that.

Are any ICFA funds from any source ever used to pay for physical plant and property and utility infrastructure that's put into the ground at any point by either of the regulated utilities, either directly or indirectly?

A. No.

Q. Is the source of capital for the construction of

57  
utility plants and property by the regulated utilities exclusively from sources other than ICFA monies?

A. Can you ask the question differently?

Q. I don't know that I can. If there is no ICFA funds ever that are used for utility plant construction, is it true that the sources of money used for utility plant construction are from sources completely separate from ICFA funds?

A. Yes.

Q. And what are the sources of the monies that eventually are used by Santa Cruz Water Company and Palo Verde Utilities Company to fund the installation of the utility plant on the property?

MR. DEWULF: That I would instruct her not to answer and we're talking now -- I'm sorry. Go ahead and answer. Let's read the question back. I misunderstand.

(Previous question was read.)

MR. DEWULF: You can go ahead and answer. I withdraw my objections.

A. The retained earnings of the regulated subsidiaries is redeployed into the sub. To the extent the retained earnings are not enough for cap X, then the parent funds what the sub needs for its cap X or operations, expenses.

Q. When you say cap X, that's capital expenses?

58  
A. Capital expenditures.

Q. And what are the sources of the retained earnings of the regulated subs?

A. Retained earnings of the regulated subs is just purely the net income that's been earned by the subsidiary.

Q. Based on rates they charge their customers?

A. The retained earnings of the sub is a result of the operations, the net income or net loss, but it's the bottom line income from that subsidiary that forms the retained earnings.

Q. Are the transfers of capital from the parent to the regulated subs as you described to meet any shortfalls from retained earnings as necessary documented by promissory notes or other -- well, promissory notes?

A. I do not believe so.

Q. Is there any agreement that's reached between the parent and the regulated sub, and in this case let's be specific as to Santa Cruz or Palo Verde, as a repayment or an interest component going back to the parent for that capital investment?

A. No.

Q. I mean, it's treated as a capital infusion versus a loan; is that accurate?

A. Exactly.

59  
Q. All right. Let's go back up to the ICFA funds to the extent you will be permitted to answer, what becomes of those funds? No part of them ever goes down to the regulated subs; is that your testimony?

A. Yes.

Q. Where do those funds go?

A. Funds come into the parent, Global Water Resources, and the parent has already incurred cost to be able to fund the subsidiaries for their shortfalls, so the ICFA money is a reimbursement of those costs, some of those costs that have been born by the parent.

Q. Are there any other uses of ICFA funds other than that reimbursement component?

A. Well, the money is taxed, so that reduces the amount of money received. And then the carrying cost has been incurred already by the parent and it helps with that. To the extent -- to the extent you had -- to the extent we would have excess ICFA monies, we would use it for consolidating utilities or buying utilities.

Q. How are the carrying costs incurred by the parent accounted for in your system?

A. I think the question is leading into more of what happens at the parent but I can tell you that we have various sources of equity that we use, and they have varying rates, so it would depend on what that source was

60  
as to how it was tracked at the parent.

Q. I understand that. And you've answered previously on that. I realize I'm not allowed to go any further there. I'm talking about costs upstream from the regulated subs. They put in backbone infrastructure. Isn't that the nature of the carrying costs that the ICFA's are supposed to be reflecting?

MR. DEWULF: Object to form.

A. Can you ask it differently?

Q. Maybe I'm missing the boat completely here in terms of what the carrying costs are that the ICFA fees are intended to address or reflect. What is the definition of a carrying cost under this ICFA system?

A. It's the cost borne by the parent who had to finance the infrastructure for the subsidiary.

Q. Okay. That's consistent with what I thought it was. How are those costs tracked so you know what to pay the parent back from the ICFA funds?

A. I'm not following the question.

Q. Okay. Let me give you a hypothetical. Santa Cruz Water Company puts in a \$100,000 worth of improvements financed by Global Water Resources for which Global Water Resources -- well, would you agree that's a carrying cost of Global Water Resources?

MR. DEWULF: Object to form.

61  
A. The parent infuses capital into the subsidiaries as they need it. There is no pay back to the parent for that. The parent carries those costs.

Q. Okay. You've defined it as costs borne by the parent who had to finance infrastructure by the subsidiary, right?

A. Yes.

Q. But there is pay back. The ICFA funds are used to pay back the parent, are they not, for those carrying costs? Isn't that the whole concept behind the ICFA?

A. Yes.

Q. My question relates to the accounting. If Santa Cruz puts in \$100,000 financed by the parent, Global Water Resources, how is that accounted for to be eventually reimbursed by ICFA fees?

A. I don't follow the question.

Q. How is it determined what is the carrying cost for -- that would be borne by the parent who had to finance infrastructure by the subsidiary? How is that number reached?

A. We discussed earlier how ICFA numbers are reached by expansion area. So to the extent the parent takes the risk that the ICFA number will cover their carrying cost, that price was predetermined with the best information available at the time. There is no obligation for that

62  
developer to ever final plat or market the exchange and there could be a delay when that payment comes in. So at the parent we don't track it to see, did that ICFA fee, was it adequate for the actual carrying cost. We have not done that to date.

Q. And the same would be true if it turns out that the projections were such that more ICFA funds were actually collected than were needed to fund carrying costs, correct?

MR. DEWULF: Object to form.

A. There has been no analysis done.

Q. To compare --

A. Specifics, yeah, specifically to compare the actual cost, carrying cost, to when the payments came in.

Q. Has Global ever reimbursed an ICFA fund to any landowner or developer?

A. Not that I know of.

Q. And I'll try this again, in terms of denominating the amount of the carrying cost, is that booked as like an account receivable by the parent once it finances such infrastructure by the regulated subsidiary, or are all the advances -- or strike that. Or are all the financing costs fronted by the parent to allow the building of infrastructure by the regulated subs aggregated in a big account that isn't broken out by a particular sub?

63  
MR. DEWULF: Object to form.

A. I either need her to repeat it or maybe you can rephrase it.

Q. Let me try another stab at it here and maybe we're just incapable of doing this in this form, do it down at the Commission or something. But if Santa Cruz Water Company puts in infrastructure in a defined section that the monies for which are fronted by the parent, are you with me so far?

A. Yes.

Q. Okay. How is that amount that was funded tracked? How do you know what the parent has fronted? Is there an accounting entry on the ledger or something?

A. Yes.

Q. What triggers the payment over of ICFA funds to, you know, within the parent, to account for that carrying cost?

A. The investment the parent makes, to use your example of a pipe in a section for Santa Cruz Water Company, the investment the parent makes so Santa Cruz can install the pipe is recorded as an investment in the utility. So that part is separated on the books and can be tracked, every investment we have made in a subsidiary. Santa Cruz regionally plans so that particular pipe is for several developments. It's a large

64  
regional pipe, some of which developers are all at the table today, some of which there is a capacity in that line because we have regionally planned it.

I can't answer your question as you've asked it for that reason because that investment in that sub isn't related to one ICFA, per se. And it's also -- I don't have an ICFA for every -- to cover that cost necessarily because I've regionally planned it for someone who might come in in two years from now and might want service from us.

Q. Okay. I understand all that, and I do appreciate the clarification. And I think I'll let it stand on that for now.

What would a, from your perspective, a proper description of that accounting instrument that shows those book carrying costs at any given point in time, what would that be called?

A. I don't know.

Q. Is there any particular account number or number code for carrying costs?

A. No.

Q. But you are saying you have accounted for it within your system in some way?

A. Correct.

MR. HIRSCH: Let me ask some questions that are

65  
not deliberately structured to spur objections but they may. We would seek to ask Ms. Liles about the source of funds for some particular acquisitions which include Francisco Grande and CP Water Company. So, Tim, we will involve you in this discussion. Is that still out of bounds under the status of objections because it tends to go upstream to relate to funding to the parent?

MR. SABO: That's Francisco Grande and CP Water?

MR. HIRSCH: Yes.

MR. SABO: Can we have a moment?

(Recess ensued from 5:00 p.m. until 5:06 p.m.)

Q. BY MR. HIRSCH: Do you want to have the court reporter read the question or are you ready to answer?

A. I can answer. CP Water Company acquisition will be paid for by the ICFA fees when they are received pursuant to the ICFA with -- pursuant to I could say Exhibit 5.

Q. And that happens to be the recent example of the ICFA that we marked with, in this case, CHI Construction Company, correct?

A. Yes.

Q. So if we relate that flow of funds to the prior answer in terms of ICFA funds coming in, is that an example of an instance where particular ICFA funds are

66 kept separate and aggregated just for use for a particular purpose?

A. Per this ICFA, the landowner would reduce how much their ICFA fee was to allow for the purchase of CP Water.

Q. Have any funds been paid to CP Water at this date by Global Water Resources or any other Global entity?

A. No.

Q. I take it from your earlier answer that such funds will not begin to flow until CHI begins making payment under the Exhibit 5 ICFA agreement?

A. Yes.

Q. Are there any funds that will be used for the CP Water Company acquisition other than CHI ICFA fees?

A. Can you repeat question?

(Previous question was read.)

A. No.

Q. Are there any other acquisitions that have been established under a similar ICFA agreement?

A. Can you read the question again?

Q. Let me restate it so we're clear. Are there any other water -- strike that.

Are there any other utility acquisitions by the Global entities that are funded in the same manner as the CP Water Company acquisition that you just described?

A. Not that I remember.

Q. And I'll ask a refinement question. Are there any others that are being acquired exclusively with ICFA funds?

A. Can you rephrase the question?

Q. I'm not sure I can do that. I can't rephrase it. I'm trying to get to whether there are any other acquisitions that have occurred by the Global entities that used or will use exclusively ICFA fees to fund the acquisition?

A. What do you mean by exclusively?

Q. No other capital, equity, debt, or other infusion or sources of funds for the acquisition.

A. I believe the answer is no if I'm understanding the question right.

Q. And let's move to Francisco Grande. How is that being acquired?

A. The funding for the acquisition for Francisco Grande for the acquisition price will take place when the CC&N -- I believe when the CC&N will transfer to Santa Cruz and Palo Verde.

Q. Okay. I understand that as to the timing. How will the acquisition be funded?

A. Part of the funding will be paid by CHI Construction pursuant to Section 4 little E of the

68 Exhibit 5, the ICFA. The remaining portion of the purchase price will be funded by Global Water Resources.

Q. And what is the total amount of the acquisition price?

A. \$8 million for Francisco Grande.

Q. And how much for CP?

A. One million two fifty.

Q. And of the 8 million am I reading 5 E of Exhibit 5 correctly that 6.050 million of that is effectively coming from CHI Construction?

A. Not exactly.

Q. Correct me and clarify, please.

A. In paragraph E, the six million zero fifty number that's referred to there is a million two fifty of that is CP Water, and the balance is the portion CHI is paying for or financing, maybe paying for Francisco Grande.

Q. Okay. I appreciate that clarification. If I'm doing my math right then, it's 4.8 million that is the amount that CHI is financing or paying for Francisco Grande; is that correct?

A. Yes.

Q. And the balance of the eight million purchase price is coming from Global Water Resources?

A. Yes.

Q. And I take it consistent with the earlier

69 instructions, Mr. Sabo is shaking his head at this late hour, that I will be precluded from asking the source of those funds; is that correct?

MR. DEWULF: That's correct.

Q. Have any of the landowners or developers in the Global ICFAs defaulted to the present date?

A. Not that I know of.

Q. Nowhere in the state of Arizona out of the hundred plus ICFA has there been a default?

MR. DEWULF: Object to form.

Q. Go ahead. Not that you know of?

A. Not that I'm aware of.

Q. To your knowledge, has Global Water Resources had to send any demand letters or take any steps to attempt to enforce or otherwise accelerate, not accelerate -- enforce the obligations under an ICFA in any way?

A. No.

Q. Let me check my notes here. I think at this time, subject to hashing out the objections that were stated into other areas of inquiry, that I've gone about as far we can go today. So we appreciate your time.

You will have the chance, as probably has been explained to you, to read the transcript and sign it.

MR. DEWULF: She will want to read and sign.

MR. HIRSCH: Thank you.

(The deposition concluded at 5:25 p.m.)

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—CYNTHIA LILES—

STATE OF ARIZONA )  
COUNTY OF MARICOPA )  
ss.

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BE IT KNOWN that the foregoing deposition was taken before me, KAREN M. NIEMTSCHK, Certified Court Reporter No. 50447, in and for the County of Maricopa, State of Arizona; that the witness before testifying was duly sworn by me to testify to the whole truth; that the questions propounded to the witness and the answers of the witness thereto were taken down by me in shorthand and thereafter reduced to typewriting under my direction; that pursuant to request, notification was provided that the deposition was available for review and signature; that the foregoing 70 pages are a true and correct transcript of all proceedings had upon the taking of said deposition, all done to the best of my skill and ability.

I FURTHER CERTIFY that I am in no way related to any of the parties hereto nor am I in any way interested in the outcome hereof.

DATED at Phoenix, Arizona, this 6th day of July 2007.

Karen M. Niemtschk, CCR  
Certified Court Reporter No. 50447